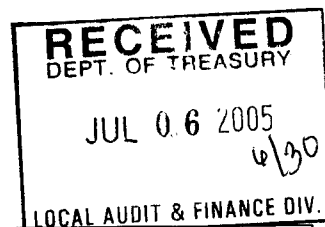


Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.



Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Charter Township of Commerce	County Oakland
Audit Date 12/31/04	Opinion Date 3/18/05	Date Accountant Report Submitted to State: 6/29/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>		
Reports on individual federal financial assistance programs (program audits).			<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).			<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) Layton and Richardson P.C.			
Street Address 1000 Coolidge Road	City East Lansing	State MI	ZIP 48823
Accountant Signature <i>Richard L. Crouch, CPA</i>		Date 6/29/05	

C O N T E N T S

	PAGE
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-8
GENERAL PURPOSE FINANCIAL STATEMENTS	
Description	9
Statement of Net Assets	11
Statement of Activities	12-13
Balance Sheet – Governmental Funds	14-15
Reconciliation of the Governmental Funds	
Balance Sheet to the Statement of Net Assets	17
Statement of Revenues, Expenditures, and	
Changes in Fund Balance – Governmental Funds	18-19
Reconciliation of the Statement of Revenues,	
Expenditures and Changes in Fund Balance	
of Governmental Funds to the Statement	
of Activities – Governmental Funds	20
General Fund	
Statement of Revenues and Other Financial Sources – Budget and Actual	21
Statement of Expenditures and Other Uses – Budget and Actual	22
Statement of Revenues, Expenditures and Changes	
in Fund Balance – Budget and Actual – Improvement Revolving Fund	23
Statement of Revenues, Expenditures and Changes in	
Fund Balance – Budget and Actual – Fire Fund	24
Fiduciary Funds – Combining Balance Sheet	25
Statement of Changes in Assets and	
Liabilities of Individual Funds – Agency	26
All Agency Funds – Combined Statement of	
Changes in Assets and Liabilities	27
Statement of Changes in Fiduciary Net Assets	28
Balance Sheet – Nonmajor Governmental Funds	29
Statement of Revenues, Expenditures, and Changes	
in Fund Balance – Nonmajor Governmental Funds	30
Statement of Net Assets – Component Unit –	
Downtown Development Authority	31
Statement of Activities – Component Unit –	
Downtown Development Authority	32
Notes to Financial Statements	33-51
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS	
GENERAL FUND	
Description	53
Schedule of General Fund Revenues and Other Financing Sources -	
By Category for the Last Ten Fiscal Periods	54-55
Schedule of General Fund Expenditures and Other Financing Uses -	
By Activity for the Last Ten Fiscal Periods	56-57
SPECIAL REVENUE FUNDS	
Description	59
Combining Balance Sheet – NonMajor Special Revenue Funds	60-61
Combining Statement of Revenues, Expenditures and	
Changes in Fund Balance – NonMajor Special Revenue Funds	62-63
Statement of Revenues, Expenditures and Changes	
in Fund Balance of Individual Funds – Budget and Actual –	
Nonmajor Special Revenue Funds	64-69

CONTENTS - Concluded

	PAGE
DEBT SERVICE FUND	
Description	71
Combining Balance Sheet – Nonmajor Debt Service Funds	72-79
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Debt Service Funds	80-87
CAPITAL PROJECT FUND	
Description	89
Combining Balance Sheet – Nonmajor Capital Projects Fund	90-93
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Capital Projects Fund	94-97
COMPONENT UNIT	
Description	99
Combined Balance Sheet – Downtown Development Authority – All Fund Types and Account Groups	100
Combined Statement of Revenues, Expenditures and Changes in Fund Balance – Downtown Development Authority	101
SCHEDULE OF INDEBTEDNESS	103-109
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	111
LETTERS OF COMMENTS AND RECOMMENDATIONS	113-114



INDEPENDENT AUDITORS' REPORT

Township Board
Charter Township of Commerce
Oakland County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Commerce as of and for the year ended December 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Charter Township of Commerce. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Commerce as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and the required supplementary information on pages 3 through 8 are not a required part of the basic financial statement but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Charter Township of Commerce's basic financial statements. The accompanying introductory section, supplemental financial information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental financial information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 18, 2005, on our consideration of the Charter Township of Commerce's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report considering the results of our audit.

Layton & Richardson, P.C.
Certified Public Accountants

East Lansing, Michigan
March 18, 2005

Management's Discussion and Analysis

As management of the Charter Township of Commerce, we offer readers of the Charter Township of Commerce's financial statements this overview and analysis of the financial activities of the Charter Township of Commerce for the fiscal year ended December 31, 2004. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

The assets of the Charter Township of Commerce exceeded its liabilities at the close of the most recent fiscal year by \$123,383,880 (net assets). Of this amount, \$51,840,501 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets increased by \$80,302,996. Most of this increase is attributable to the infusion of the infrastructure and special assessments.

As of the close of the current fiscal year, the Charter Township of Commerce's governmental funds reported combined ending fund balances of \$32,856,406, an increase of \$5,910,126 in comparison with the prior year. Approximately \$17,728,670 is available for spending at the government's discretion (unreserved fund balance). Each fund will explain how this is done.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,633,514.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Charter Township of Commerce's basic financial statements comprises three components;

1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statement themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Charter Township of Commerce's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Charter Township of Commerce's assets and liabilities, with the difference between the two reported as assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Charter Township of Commerce is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changes during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statement distinguish functions of the Charter Township of Commerce that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities for the Charter Township of Commerce include general government, public safety, public works, and culture and recreation.

The government-wide financial statements can be found on pages 11 – 13 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Charter Township of Commerce, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Charter Township of Commerce can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statement focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

The Charter Township of Commerce adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statement can be found on pages 14-24 and 53-97 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Charter Township of Commerce's own programs.

The basic fiduciary fund financial statements can be found on pages 25-28 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-51 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Charter Township of Commerce's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 28 of this report.

The combining statements in connection with no major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual funds statements and schedules can be found on pages 29-30 and 53-97 of this report.

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Charter Township of Commerce, assets exceeded liabilities by \$123,383,880 in 2004 compared to \$43,080,884 in 2003.

The largest portion of the Charter Township of Commerce's net assets reflects its investment in capital assets (e.g. land, building, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Charter Township of Commerce uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Charter Township of Commerce's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CHARTER TOWNSHIP OF COMMERCE'S Net Assets

	Governmental Activities	
	<u>2004</u>	<u>2003</u>
Current and other assets	\$ 52,756,493	\$ 46,517,898
Capital assets	<u>88,019,719</u>	<u>14,891,814</u>
Total Assets	140,776,212	61,409,712
Long term liabilities outstanding	\$ 14,221,340	\$ 14,872,000
Other Liabilities	<u>3,170,992</u>	<u>3,456,828</u>
Total Liabilities	17,392,332	18,328,828
Net Assets:		
Invested in capital assets, net of		
Related debt	\$ 71,543,379	\$ (2,459,186)
Restricted	-	11,802,755
Unrestricted	<u>51,840,501</u>	<u>33,737,315</u>
Total Net Assets	\$123,383,880	\$ 43,080,884

Governmental activities. Governmental activities increased the Charter Township of Commerce's net assets by \$80,302,996. Key elements of this increase are as follows:

Charter Township of Commerce's Change in Net Assets

	Governmental Activities		Component Unit Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues						
Program Revenues						
Charges for services	13,733,503	10,090,808	-	-	13,733,503	10,090,808
Operating grants and Contributions	72,834	136,863	-	-	72,834	136,863
Capital grants and Contributions	8,170,064	--	-	-	8,170,064	--
General Revenues:						
Property Taxes	7,781,557	4,750,199	1,918,470	2,004,119	9,700,027	6,754,3184
Other Taxes	708,772	3,299,932	115,596	-	824,366	3,299,932
Grants and contributions not Restricted to specific programs	1,289,747	1,219,160	152,213	81,491	1,441,960	1,300,651
Other	43,367	587,000	(43,367)	(433,000)	-0-	154,000
TOTAL REVENUES	31,799,844	20,083,962	2,142,912	1,652,610	33,942,756	21,736,572
Expenses:						
General Government	2,693,856	2,631,898	-	-	2,693,856	2,631,898
Public safety	6,067,813	5,529,384	-	-	6,067,813	5,529,384
Public Works	1,193,471	2,583,149	-	-	1,193,471	2,583,149
Culture & Recreation	704,276	917,948	-	-	704,276	917,948
Other	3,759,519	99,542	2,570,038	1,585,058	6,329,557	1,684,600
Interest on long term debt	736,629	739,679	-	-	736,629	739,679
Total Expenses	15,155,564	12,501,600	2,570,038	1,585,058	17,725,602	14,086,658
Increase in net assets	16,644,280	7,582,362	(427,126)	67,552	16,217,154	7,649,914
Net Assets (1/1/04)	43,080,884	35,498,522	12,798,727	12,731,175	55,879,611	48,229,697
Prior Period Adjustment	63,658,716	-	4,225,000	-	67,883,719	-
Net Assets (12/31/04)	123,383,880	43,080,884	16,596,601	12,798,727	139,980,481	55,879,611

Financial Analysis of the Government's Funds

The Charter Township of Commerce uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Charter township of Commerce's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the charter Township of Commerce's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Charter Township of Commerce's governmental funds reported combined ending fund balances of \$32,858,406, an increase of \$5,910,126 in comparison with year 2003. Approximately 53% (17,728,670) of this total amount is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed.

The general fund is the chief operating fund of the Charter Township of Commerce. The fund balance of the Charter Township of Commerce's general fund decreased by \$386,480 compared to 2003.

The Charter Township of Commerce along with the General Fund has three other major funds. The Improvement Revolving Fund. The fund balance for the Improvement Revolving Fund as of December 31, 2004 is \$19,194,482. Of this amount \$5,135,000 is reserved. Leaving an unreserved fund balance of \$14,059,482. This fund is used as a water and sewer fund. Any money brought in for the use of the water and sewer system is generated into this fund. Expenditures in this fund are for the sewer treatment plant expansion and any water or sewer expenses that arise.

The Fire Fund balance at the end of December 31, 2004 is \$(26,045). Money from the general fund is supplemented to support this fund. The residents of Commerce Township voted in a millage to help support the fire department. The fire fund brought in \$1,123,334 in revenues with expenditures at \$2,120,183 leaving the general fund supplementing this fund by \$996,849.

Other Governmental Funds

The Charter Township of Commerce maintains several individual governmental funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in this report. Information on these funds can be found on pages 60-97.

The Charter Township of Commerce also has a Component Unit which is the Downtown Development Authority. Information on this Fund can be found on pages 11-13, 31-32 & 100-101.

General Fund Budgetary Highlights

Difference between the original budget and the final amended budget were relatively minor (\$226,553) increase in appropriations) and be briefly summarized as follows:

- \$95,102 in miscellaneous increases in general government activities
- \$43,123 in increases allocated to public safety.
- \$88,200 in increases allocated to public works.
- \$128 in increases allocated to parks and recreation.

During the year, revenues exceeded budgetary estimates and expenses were less than budgetary estimates, thus eliminating the need to draw upon the existing fund balance.

Capital Asset and Debt Administration

Capital Assets. The Charter Township of Commerce's investment in capital assets for its governmental type activities as of December 31, 2004, amounts to \$2,382,410 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment and sewer and water infrastructure. The total increase from 2003 in the Charter Township of Commerce's investment in capital assets for the current fiscal year was \$2,000,706. This increase was due to the addition of major infrastructure into the capital assets being depreciated.

Charter Township of Commerce's Capital Assets (net of depreciation)

	<u>2004</u>	<u>2003</u>
Land	\$ 4,395,218	\$ 4,387,506
Buildings	4,573,501	4,714,361
Improvements other than building	151,558	154,368
Machinery and equipment	770,868	875,031
Infrastructure	78,128,574	68,419,264
Total	\$88,019,719	\$78,550,530

Additional information on the Charter Township of Commerce's capital assets can be found on Note 5 on pages 37 & 38.

Long-term debt. At the end of December 31, 2004 the Charter Township of Commerce had a total bonded debt outstanding of \$64,388,840. Of this amount, \$13,626,340 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of the Charter Township of Commerce's debt represents bonds secured solely by specified revenue sources.

Charter Township of Commerce's Outstanding Debt General Obligation and Revenue Bonds

	<u>2004</u>	<u>2003</u>
General Obligation Bonds	\$50,762,500	\$14,400,000
Special Assessment Debt		
With governmental commitment	13,626,340	16,251,000
Total	\$64,388,840	\$30,651,000

The Charter Township of Commerce's total debt increased by \$33,737,840 during the current fiscal year. The key element for this increase was a \$35,000,000 bond issuance for the Charter Township of Commerce's Downtown Development Authority. The government also issued \$548,340 in special assessment bonds to finance sewer and water construction.

The Charter Township of Commerce and its Downtown Development Authority both maintains an AA-/A-1+ rating from Standard & Poor's for general obligation debt.

Additional information on the Charter Township of Commerce's long-term debt can be found in Note 8 on pages 44-49 of this report.

Requests for Information

This financial report is designed to provide a general overview of the Charter Township of Commerce's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Supervisor, 2840 Fisher Avenue, Commerce Township, MI 48390.

GENERAL PURPOSE FINANCIAL STATEMENTS

General purpose financial statements provide a summary overview of the financial position of all funds and account groups and of the operating results of all funds. They also serve as an introduction to the more detailed statements and schedules that follow.

CHARTER TOWNSHIP OF COMMERCE

STATEMENT OF NET ASSETS

DECEMBER 31, 2004

ASSETS

	GOVERNMENTAL ACTIVITIES	COMPONENT UNITS
ASSETS		
Cash	\$ 13,570,289	\$ 21,929,568
Investments	19,287,595	
Receivables		
Interest	122,047	25,793
Taxes	7,203,110	
Accounts	75,822	
Special assessments	11,912,148	
Prepaid expenses	78,052	
Due from		
Other funds	101,069	
Other governmental units	406,361	
Fixed assets (net of accumulated depreciation)		
	<u>88,019,719</u>	<u>42,776,866</u>
TOTAL ASSETS	\$ <u>140,776,212</u>	\$ <u>64,732,227</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Current liabilities		
Payables		
Accounts	\$ 686,927	\$ 223,126
Payroll and payroll taxes	95,902	
Accrued interest	133,163	
Bonds and notes payable	2,255,000	
Noncurrent liabilities		
Bonds and notes payable	<u>14,221,340</u>	<u>47,912,500</u>
TOTAL LIABILITIES	<u>17,392,332</u>	<u>48,135,626</u>
NET ASSETS		
Invested in capital assets, net of related debt	71,543,379	(5,135,634)
Unrestricted	<u>51,840,501</u>	<u>21,732,235</u>
TOTAL NET ASSETS	<u>123,383,880</u>	<u>16,596,601</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>140,776,212</u>	\$ <u>64,732,227</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
Primary Government			
Governmental activities			
General government	\$ 2,693,856	\$ 2,292,790	\$ (39,550)
Public safety	6,067,813	2,111,636	18,920
Public works	1,193,471	8,829,847	
Community development and enrichment			93,464
Highways and streets		39,066	
Culture and recreation	704,276	18,250	
Other	3,759,519	441,914	
Interest on long-term debt	736,629		
Total governmental activities	<u>15,155,564</u>	<u>13,733,503</u>	<u>72,834</u>
Component unit			
Downtown Development Authority	<u>2,570,038</u>		
Total Component Unit	<u>\$ 2,570,038</u>	<u>\$</u>	<u>\$</u>
General revenues			
Property taxes levied for general purposes			
Miscellaneous			
Unrestricted investment earnings			
Transfers			
Total general revenues and transfers			
Change in net assets			
Net assets, January 1			
Prior period adjustment			
Net assets, December 31			

See accompanying notes to financial statements.

PROGRAM REVENUES CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL	
\$	\$	\$	\$	\$
	(440,616)		(440,616)	
	(3,937,257)		(3,937,257)	
8,170,064	15,806,440		15,806,440	
	93,464		93,464	
	39,066		39,066	
	(686,026)		(686,026)	
	(3,317,605)		(3,317,605)	
	(736,629)		(736,629)	
<u>8,170,064</u>	<u>6,820,837</u>		<u>6,820,837</u>	
				(2,570,038)
<u>\$</u>				<u>(2,570,038)</u>
	7,781,557		7,781,557	1,918,470
	708,772		708,772	115,596
	1,289,747		1,289,747	152,213
	43,367		43,367	(43,367)
	<u>9,823,443</u>		<u>9,823,443</u>	<u>2,142,912</u>
	16,644,280		16,644,280	(427,126)
	43,080,884		43,080,884	12,798,727
	<u>63,658,716</u>		<u>63,658,716</u>	<u>4,225,000</u>
<u>\$</u>	<u>123,383,880</u>	<u>\$</u>	<u>123,383,880</u>	<u>\$</u>
				16,596,601

CHARTER TOWNSHIP OF COMMERCE

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2004

ASSETS

	GENERAL	IMPROVEMENT REVOLVING	FIRE
ASSETS			
Cash	\$ 890,798	\$ 4,495,474	\$ 281,929
Investments	1,305,220	14,179,038	200,000
Receivables			
Interest	18,345	63,050	3,438
Taxes	3,933,469		1,062,661
Accounts	75,822		
Special assessments			
Due from			
Other funds	620,926	508,735	
Other governmental units	356,544		
Prepaid expenses	78,052		
TOTAL ASSETS	\$ <u>7,279,176</u>	\$ <u>19,246,297</u>	\$ <u>1,548,028</u>

LIABILITIES AND FUND BALANCE

LIABILITIES			
Payables			
Accounts	\$ 531,942	\$ 51,815	\$ 27,690
Payroll and payroll taxes	41,912		39,748
Due to other funds	138,339		443,974
Deferred revenue	3,933,469		1,062,661
TOTAL LIABILITIES	<u>4,645,662</u>	<u>51,815</u>	<u>1,574,073</u>
FUND BALANCE			
Reserved for construction projects		5,135,000	
Reserved for equipment			400,000
Reserved for debt service			
Unreserved, reported in			
General fund	2,633,514		
Special revenue funds		14,059,482	(426,045)
TOTAL FUND BALANCE	<u>2,633,514</u>	<u>19,194,482</u>	<u>(26,045)</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>7,279,176</u>	\$ <u>19,246,297</u>	\$ <u>1,548,028</u>

See accompanying notes to financial statements.

LIBRARY	DODGE PARK	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$	\$	\$	\$
		7,902,088	13,570,289
		3,603,337	19,287,595
1,576,414		37,214	122,047
		630,566	7,203,110
			75,822
		11,912,148	11,912,148
		177,367	1,307,028
		49,817	406,361
			78,052
<u>\$ 1,576,414</u>	<u>\$</u>	<u>\$ 24,312,537</u>	<u>\$ 53,962,452</u>
\$	\$	\$	\$
		75,480	686,927
		14,242	95,902
1,576,414		623,646	1,205,959
<u>1,576,414</u>		<u>12,542,714</u>	<u>19,115,258</u>
		<u>13,256,082</u>	<u>21,104,046</u>
		3,486,661	8,621,661
		6,108,075	400,000
			6,108,075
		1,461,719	2,633,514
		<u>11,056,455</u>	<u>15,095,156</u>
			<u>32,858,406</u>
<u>\$ 1,576,414</u>	<u>\$</u>	<u>\$ 24,312,537</u>	<u>\$ 53,962,452</u>

CHARTER TOWNSHIP OF COMMERCE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
DECEMBER 31, 2004

Total fund balances-governmental funds		\$ 32,858,406
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$105,477,552 and the accumulated depreciation is \$17,457,833		88,019,719
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of:		
Bonds payable	\$ (16,476,340)	
Accrued interest	<u>(133,163)</u>	
		(16,609,503)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		<u>19,115,258</u>
Total net assets-governmental activities		\$ <u><u>123,383,880</u></u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	GENERAL	IMPROVEMENT REVOLVING	FIRE
REVENUES			
Taxes	\$ 3,577,921	\$	\$ 1,001,306
Licenses and permits	329,535		
Intergovernmental	2,072,238		18,920
Charges for services and special assessments	1,900,143	6,503,235	95,804
Fines and forfeits	68,936		
Interest and rentals	237,956	252,691	3,437
Other revenues	239,148	250,339	3,867
TOTAL REVENUES	<u>8,425,877</u>	<u>7,006,265</u>	<u>1,123,334</u>
EXPENDITURES			
General government	2,479,381		
Public safety	2,780,730		2,120,183
Public works	1,558,804	1,137,843	
Culture and recreation	696,930		
Debt service			
Principal retirement			
Interest and fiscal charges			
Refunds			
Capital outlay			
TOTAL EXPENDITURES	<u>7,515,845</u>	<u>1,137,843</u>	<u>2,120,183</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>910,032</u>	<u>5,868,422</u>	<u>(996,849)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds of bond issues and loans			
Operating transfers in	1,609,096	445	2,004,013
Operating transfers out	(2,905,608)	(314,570)	
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,296,512)</u>	<u>(314,125)</u>	<u>2,004,013</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(386,480)</u>	<u>5,554,297</u>	<u>1,007,164</u>
FUND BALANCE, JANUARY 1	<u>3,019,994</u>	<u>13,640,185</u>	<u>(1,033,209)</u>
FUND BALANCE, DECEMBER 31	<u>\$ 2,633,514</u>	<u>\$ 19,194,482</u>	<u>\$ (26,045)</u>

See accompanying notes to financial statements.

LIBRARY	DODGE PARK	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$	\$	\$	\$
		557,965	5,137,192
		93,464	329,535
		5,043,956	2,184,622
			13,543,138
	45	795,618	68,936
		146,482	1,289,747
	45	6,637,485	639,836
			23,193,006
		205,409	2,684,790
		979,261	5,880,174
			2,696,647
			696,930
		3,698,000	3,698,000
		733,527	733,527
		28,676	28,676
	2,250,545	1,480,298	3,730,843
	2,250,545	7,125,171	20,149,587
	(2,250,500)	(487,686)	3,043,419
	2,275,000	548,340	2,823,340
	(24,500)	1,061,435	4,674,989
		(1,386,944)	(4,631,622)
	2,250,500	222,831	2,866,707
		(264,855)	5,910,126
		11,321,310	26,948,280
\$	\$	\$	\$
		11,056,455	32,858,406

CHARTER TOWNSHIP OF COMMERCE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

Net changes in fund balances-total governmental funds	\$ 5,910,126
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Expenditures for capital assets	3,681,535
Less: current year depreciation	(2,382,410)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	8,563,471
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.	
Bond and loan proceeds	(2,823,340)
Accrued interest	(3,102)
Principal payments	<u>3,698,000</u>
Change in net assets of governmental activities	\$ <u><u>16,644,280</u></u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE

GENERAL FUND

STATEMENT OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL

FOR THE YEAR ENED DECEMBER 31, 2004

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Taxes				
Current	\$ 3,503,139	\$ 3,503,139	\$ 3,465,068	\$ (38,071)
Penalties and interest on delinquent taxes	15,000	15,000	15,906	906
Payment in lieu of taxes	1,600	1,600	203	(1,397)
Summer tax collection fee	81,969	81,969	90,841	8,872
Trailer fees	6,354	6,354	5,903	(451)
	<u>3,608,062</u>	<u>3,608,062</u>	<u>3,577,921</u>	<u>(30,141)</u>
Licenses and permits				
Building permits and fees	7,800	7,800	29,857	22,057
Other licenses			13,512	13,512
Cable television fees	235,000	235,000	286,166	51,166
	<u>242,800</u>	<u>242,800</u>	<u>329,535</u>	<u>86,735</u>
Intergovernmental revenues				
State revenue sharing	2,332,613	2,332,613	2,111,788	(220,825)
Federal and state grants	500	500	(39,550)	(40,050)
	<u>2,333,113</u>	<u>2,333,113</u>	<u>2,072,238</u>	<u>(260,875)</u>
Charges for services				
Zoning fees	22,000	22,000	20,800	(1,200)
Administration fees	306,000	306,000	167,490	(138,510)
Refuse fees	1,535,000	1,535,000	1,504,803	(30,197)
DDA fees	57,200	57,200	57,200	
Walled Lake Schools fee	98,548	98,548	98,548	
Dust and weed control fees	51,993	51,993	21,541	(30,452)
Snow removal fees	2,884	2,884	2,683	(201)
Street lighting fees	20,000	20,000	27,078	7,078
	<u>2,093,625</u>	<u>2,093,625</u>	<u>1,900,143</u>	<u>(193,482)</u>
Fines and forfeitures	126,500	126,500	68,936	(57,564)
Rents	90,915	90,915	109,716	18,801
Reimbursements	1,100	1,100	113,873	112,773
Interest income	60,100	60,100	128,240	68,140
Miscellaneous	147,897	147,897	125,275	(22,622)
TOTAL REVENUES	<u>\$ 8,704,112</u>	<u>\$ 8,704,112</u>	<u>\$ 8,425,877</u>	<u>\$ (278,235)</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
GENERAL FUND
STATEMENT OF EXPENDITURES AND OTHER USES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
GENERAL GOVERNMENT				
Expenditures				
Township board	\$ 28,300	\$ 28,300	\$ 28,880	\$ (580)
Township supervisor	109,800	109,800	108,213	1,587
Elections	88,000	77,000	75,324	1,676
Auditing and accounting	18,500	20,600	20,580	20
Assessing	541,599	553,016	540,346	12,670
Legal fees	350,000	400,000	374,569	25,431
Township clerk	473,014	473,313	462,391	10,922
Tax roll and data processing	30,500	22,000	28,736	(6,736)
Board of review	7,000	7,000	5,700	1,300
General services	206,000	285,370	237,904	47,466
Township hall	112,000	83,300	123,033	(39,733)
Township treasurer	322,715	322,831	312,144	10,687
Other costs	102,000	102,000	161,561	(59,561)
	<u>2,389,428</u>	<u>2,484,530</u>	<u>2,479,381</u>	<u>5,149</u>
 Public safety				
Police protection	2,360,896	2,383,896	2,421,130	(37,234)
Ordinance enforcement	112,666	112,666	114,115	(1,449)
Planning and zoning	221,404	241,527	245,485	(3,958)
	<u>2,694,966</u>	<u>2,738,089</u>	<u>2,780,730</u>	<u>(42,641)</u>
 Public works				
Weed and dust control	86,543	157,743	155,600	2,143
Street lighting	20,000	37,000	39,992	(2,992)
Refuse	1,500,000	1,500,000	1,363,212	136,788
	<u>1,606,543</u>	<u>1,694,743</u>	<u>1,558,804</u>	<u>135,939</u>
 Culture and recreation				
Parks and recreation	280,605	280,733	259,714	21,019
Library services	437,419	437,419	437,216	203
	<u>718,024</u>	<u>718,152</u>	<u>696,930</u>	<u>21,222</u>
 TOTAL EXPENDITURES	<u>\$ 7,408,961</u>	<u>\$ 7,635,514</u>	<u>\$ 7,515,845</u>	<u>\$ 119,669</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
IMPROVEMENT REVOLVING FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
REVENUES				
Charges for services	\$ 3,753,830	\$ 6,654,830	\$ 6,503,235	\$ (151,595)
Interest on investments	25,475	35,475	252,691	217,216
Other		253,000	250,339	(2,661)
TOTAL REVENUES	<u>3,779,305</u>	<u>6,943,305</u>	<u>7,006,265</u>	<u>62,960</u>
EXPENDITURES				
Capital outlay	<u>5,356,000</u>	<u>1,299,329</u>	<u>1,137,843</u>	<u>161,486</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,576,695)</u>	<u>5,643,976</u>	<u>5,868,422</u>	<u>224,446</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in		500	445	(55)
Operating transfers out		(314,571)	(314,570)	1
TOTAL OTHER FINANCING SOURCES (USES)		<u>(314,071)</u>	<u>(314,125)</u>	<u>(54)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(1,576,695)</u>	<u>5,329,905</u>	<u>5,554,297</u>	<u>224,392</u>
FUND BALANCE, JANUARY 1	<u>13,640,185</u>	<u>13,640,185</u>	<u>13,640,185</u>	
FUND BALANCE, DECEMBER 31	<u>\$ 12,063,490</u>	<u>\$ 18,970,090</u>	<u>\$ 19,194,482</u>	<u>\$ 224,392</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES				
Property taxes	\$ 1,001,688	\$ 1,001,688	\$ 1,001,306	\$ (382)
Intergovernmental		18,920	18,920	
Charges for services		99,300	95,804	(3,496)
Interest on investments			3,437	3,437
Other		3,900	3,867	(33)
TOTAL REVENUES	<u>1,001,688</u>	<u>1,123,808</u>	<u>1,123,334</u>	<u>(474)</u>
EXPENDITURES				
Public safety	<u>2,235,376</u>	<u>2,245,564</u>	<u>2,120,183</u>	<u>125,381</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,233,688)</u>	<u>(1,121,756)</u>	<u>(996,849)</u>	<u>124,907</u>
OTHER FINANCING SOURCES				
Operating transfers in	<u>1,233,688</u>	<u>2,000,000</u>	<u>2,004,013</u>	<u>4,013</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		878,244	1,007,164	128,920
FUND BALANCE, JANUARY 1	<u>(1,033,209)</u>	<u>(1,033,209)</u>	<u>(1,033,209)</u>	
FUND BALANCE, DECEMBER 31	<u>\$ (1,033,209)</u>	<u>\$ (154,965)</u>	<u>\$ (26,045)</u>	<u>\$ 128,920</u>

CHARTER TOWNSHIP OF COMMERCE, MICHIGAN

FIDUCIARY FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2004

	AGENCY FUNDS		PENSION TRUST FUND DEFINED CONTRIBUTION PENSION PLAN	TOTALS
	TRUST AND AGENCY	CURRENT TAX COLLECTION		
ASSETS				
Cash and cash equivalents	\$ 1,577,511	\$ 10,234,891	\$	\$ 11,812,402
Investments	<u>1,043,877</u>		<u>3,535,912</u>	<u>4,579,789</u>
TOTAL ASSETS	<u>\$ 2,621,388</u>	<u>\$ 10,234,891</u>	<u>\$ 3,535,912</u>	<u>\$ 16,392,191</u>
LIABILITIES				
Deposits payable				
Refundable bonds	\$ 1,622,536	\$	\$	\$ 1,622,536
Escrow deposits	<u>1,395,683</u>			<u>1,395,683</u>
Due to other funds	87,928	13,141		101,069
Due to other governmental units		10,221,750		10,221,750
Other liabilities	<u>(484,759)</u>			<u>(484,759)</u>
TOTAL LIABILITIES	<u>2,621,388</u>	<u>10,234,891</u>		<u>12,856,279</u>
NET ASSETS				
Held in trust for pension benefits			<u>3,535,912</u>	<u>3,535,912</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,621,388</u>	<u>\$ 10,234,891</u>	<u>\$ 3,535,912</u>	<u>\$ 16,392,191</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES OF INDIVIDUAL FUNDS - AGENCY
FOR THE YEAR ENDED DECEMBER 31, 2004

	BALANCE JANUARY 1, 2004	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31, 2004
TRUST AND AGENCY FUND				
ASSETS				
Cash and cash equivalents	\$ 1,347,761	\$ 7,916,542	\$ 7,686,792	\$ 1,577,511
Investments	<u>1,220,970</u>	<u>3,056,843</u>	<u>3,233,936</u>	<u>1,043,877</u>
TOTAL ASSETS	<u>\$ 2,568,731</u>	<u>\$ 10,973,385</u>	<u>\$ 10,920,728</u>	<u>\$ 2,621,388</u>
LIABILITIES				
Due to other funds	\$ 60,568	\$ 27,360	\$	\$ 87,928
Deposits payable	2,970,375	2,138,242	2,090,398	3,018,219
Other liabilities	<u>(462,212)</u>	<u>2,844,773</u>	<u>2,867,320</u>	<u>(484,759)</u>
TOTAL LIABILITIES	<u>\$ 2,568,731</u>	<u>\$ 5,010,375</u>	<u>\$ 4,957,718</u>	<u>\$ 2,621,388</u>
CURRENT TAX COLLECTION FUND				
ASSETS				
Cash and cash equivalents	\$ 11,667,622	\$ 81,570,562	\$ 83,003,293	\$ 10,234,891
Investments	<u>200,000</u>	<u></u>	<u>200,000</u>	<u></u>
TOTAL ASSETS	<u>\$ 11,867,622</u>	<u>\$ 81,570,562</u>	<u>\$ 83,203,293</u>	<u>\$ 10,234,891</u>
LIABILITIES				
Due to other funds	\$ 7,368	\$ 5,773	\$	\$ 13,141
Due to others	<u>11,860,254</u>	<u>74,579,470</u>	<u>76,217,974</u>	<u>10,221,750</u>
TOTAL LIABILITIES	<u>\$ 11,867,622</u>	<u>\$ 74,585,243</u>	<u>\$ 76,217,974</u>	<u>\$ 10,234,891</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
ALL AGENCY FUNDS
COMBINED STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

	BALANCE JANUARY 1, 2004	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31, 2004
ASSETS				
Cash and cash equivalents	\$ 13,015,383	\$ 89,487,104	\$ 90,690,085	\$ 11,812,402
Investments	<u>1,420,970</u>	<u>3,056,843</u>	<u>3,433,936</u>	<u>1,043,877</u>
TOTAL ASSETS	<u>\$ 14,436,353</u>	<u>\$ 92,543,947</u>	<u>\$ 94,124,021</u>	<u>\$ 12,856,279</u>
LIABILITIES				
Due to other funds	\$ 67,936	\$ 33,133	\$	\$ 101,069
Due to others	11,860,254	74,579,470	76,217,974	10,221,750
Deposits payable	2,970,375	2,138,242	2,090,398	3,018,219
Other liabilities	<u>(462,212)</u>	<u>2,844,773</u>	<u>2,867,320</u>	<u>(484,759)</u>
TOTAL LIABILITIES	<u>\$ 14,436,353</u>	<u>\$ 79,595,618</u>	<u>\$ 81,175,692</u>	<u>\$ 12,856,279</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2004

	ACTUAL
ADDITIONS	
Contributions	
Employer	\$ 227,403
Investment income	
Interest	<u>266,245</u>
TOTAL ADDITIONS	<u>493,648</u>
DEDUCTIONS	
Benefits	
Refunds of contributions	225,136
Other deductions	<u>16,213</u>
TOTAL DEDUCTIONS	<u>241,349</u>
NET INCREASE	252,299
NET ASSETS, JANUARY 1	<u>3,283,613</u>
NET ASSETS, DECEMBER 31	<u><u>\$ 3,535,912</u></u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE

BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2004

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash	\$ 928,680	\$ 6,324,788	\$ 648,620	\$ 7,902,088
Investments	3,603,337			3,603,337
Receivables				
Interest	33,901	3,313		37,214
Taxes	630,566			630,566
Special assessments		11,912,148		11,912,148
Due from				
Other funds	134,311	43,056		177,367
Other governmental units	49,817			49,817
TOTAL ASSETS	\$ 5,380,612	\$ 18,283,305	\$ 648,620	\$ 24,312,537
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Payables				
Accounts	\$ 22,594	\$	\$ 52,886	\$ 75,480
Payroll and payroll taxes	14,242			14,242
Due to other funds	174,022	263,082	186,542	623,646
Deferred revenue	630,566	11,912,148		12,542,714
TOTAL LIABILITIES	841,424	12,175,230	239,428	13,256,082
FUND BALANCE				
Reserved for construction	3,077,469		409,192	3,486,661
Reserved for debt service		6,108,075		6,108,075
Unreserved	1,461,719			1,461,719
TOTAL FUND BALANCE	4,539,188	6,108,075	409,192	11,056,455
TOTAL LIABILITIES AND FUND BALANCE	\$ 5,380,612	\$ 18,283,305	\$ 648,620	\$ 24,312,537

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$	\$ 557,965	\$	\$ 557,965
Intergovernmental	93,464			93,464
Interest income	55,490	730,946	9,182	795,618
Charges for services	2,048,602			2,048,602
Special assessments		2,831,692	163,662	2,995,354
Other revenues	92,614		53,868	146,482
TOTAL REVENUES	<u>2,290,170</u>	<u>4,120,603</u>	<u>226,712</u>	<u>6,637,485</u>
EXPENDITURES				
General government	205,409			205,409
Public safety	979,261			979,261
Debt service				
Principal retirement		3,698,000		3,698,000
Interest and fiscal charges		733,527		733,527
Refunds		28,676		28,676
Capital outlay			1,480,298	1,480,298
TOTAL EXPENDITURES	<u>1,184,670</u>	<u>4,460,203</u>	<u>1,480,298</u>	<u>7,125,171</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,105,500</u>	<u>(339,600)</u>	<u>(1,253,586)</u>	<u>(487,686)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds			548,340	548,340
Operating transfers in	901,589	159,839	7	1,061,435
Operating transfers out	(1,315,218)	(8,700)	(63,026)	(1,386,944)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(413,629)</u>	<u>151,139</u>	<u>485,321</u>	<u>222,831</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>691,871</u>	<u>(188,461)</u>	<u>(768,265)</u>	<u>(264,855)</u>
FUND BALANCE, JANUARY 1	<u>3,847,317</u>	<u>6,296,536</u>	<u>1,177,457</u>	<u>11,321,310</u>
FUND BALANCE, DECEMBER 31	<u>\$ 4,539,188</u>	<u>\$ 6,108,075</u>	<u>\$ 409,192</u>	<u>\$ 11,056,455</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF NET ASSETS
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
DECEMBER 31, 2004

	DEBT SERVICE	CAPITAL PROJECTS	TOTALS (MEMORANDUM ONLY)
ASSETS			
Cash and cash equivalents	\$	\$ 21,929,568	\$ 21,929,568
Interest receivable		25,793	25,793
Fixed assets (net of accumulated depreciation)		42,776,866	42,776,866
TOTAL ASSETS	\$	\$ 64,732,227	\$ 64,732,227
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$	\$ 223,126	\$ 223,126
Long-term debt obligations		47,912,500	47,912,500
TOTAL LIABILITIES		48,135,626	48,135,626
FUND BALANCE			
Invested in capital assets, net of related debt		(5,135,634)	(5,135,634)
Unreserved - undesignated		21,732,235	21,732,235
TOTAL FUND BALANCE		16,596,601	16,596,601
TOTAL LIABILITIES AND FUND BALANCE	\$	\$ 64,732,227	\$ 64,732,227

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF ACTIVITIES
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2004

	EXPENSES	PROGRAM REVENUES			TOTAL DOWNTOWN DEVELOPMENT AUTHORITY
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Component units					
Downtown development authority	\$ 2,570,038	\$	\$	\$	\$ (2,570,038)
Total Component Units	\$ 2,570,038	\$	\$	\$	(2,570,038)
General revenues					
Property taxes					1,918,470
Miscellaneous					115,596
Unrestricted investment earnings					152,213
Transfers					(43,367)
Total general revenues and transfers					2,142,912
Change in net assets					(427,126)
Net assets, January 1					12,798,727
Prior period adjustment					4,225,000
Net assets, December 31					\$ 16,596,601

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter Township of Commerce was incorporated as a Michigan Charter Township under the provisions of P.A. 359 of 1947, as amended. The Township was originally organized in 1834 and covers an area of approximately 28 square miles. The Township operates under an elected Board of Trustees and provides services to approximately 35,000 residents, including police and fire protection, building ordinance enforcement, road improvements, community services and enrichment, elections, tax assessments, planning, sewer and water, refuse disposal, street lighting, dust control, and aquatic weed control.

The accounting policies of the Charter Township of Commerce conform to U.S. generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

A. Reporting Entity

All funds and account groups under direct control of the Township are included in this report. These funds and account groups are those which meet the criteria established by Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity, and Statement on Michigan Governmental Accounting and Auditing No. 5.

The criteria established by GASB for determining which of the Township's various organizations and activities are to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financial relationships. On this basis, the financial statements of certain other governmental organizations are not included in the financial statements of the Township.

Discretely Presented Component Units

The following entities are listed as discretely presented component units of the Township in the component unit column to emphasize their legally separate status from the primary government. The Township is financially accountable, and exclusion from the general-purpose financial statements would be misleading or incomplete.

Downtown Development Authority

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statements of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government of the Charter Township of Commerce and its component unit. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for services. The primary government of the Charter Township of Commerce is reported separately from certain legally separate component units for which the Charter Township of Commerce, the primary government, is financially accountable.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Government-Wide and Fund Financial Statements - Concluded

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are reported when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to liabilities of the current period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Charter Township of Commerce.

The Charter Township of Commerce reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those to be accounted for in another fund.

The Improvement Revolving Fund accounts for major improvements and other projects.

The Fire Fund is used to account for the Township Fire Department.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2004

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

C. Measurement Focus, Basis of Accounting, and Financial Statements - Concluded

The Library Fund is used to account for the development and upkeep of the Library.

The Dodge Park Fund is used to account for the expenditures incurred to install capital improvements.

Additionally, the Charter Township of Commerce reports the following fund types:

The Pension Trust Fund accounts for the activities of the Township employees' retirement system, which accumulates resources for pension benefit payments to qualified Township employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Charter Township of Commerce has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services and privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general revenue.

When both restricted and unrestricted resources are available for use, it is the Charter Township of Commerce's policy to use restricted resources first. Unrestricted resources are used as they are needed.

D. Budgets

The Township prepares annual budgets for its General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds on the modified accrual basis, which is consistent with U.S. generally accepted accounting principles. Under the modified accrual basis, outstanding encumbrances are recognized as expenditures when goods or services are received/performed. Encumbrances outstanding at December 31, 2004 that are subsequently performed/received will be recognized as expenditures in the fiscal period in which performed/received.

E. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity of three months or less. Investments are stated at fair value.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2004

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

F. Inventories

The cost of inventory items in all of the Township's governmental funds are recorded as an expenditure at the time of purchase. As of December 31, 2004, the Township had no significant inventories on hand.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Charter Township of Commerce as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

ASSET CLASS	DEPRECIABLE LIFE
Land	n/a
Land improvements	10-20 years
Buildings	10-40 years
Equipment	5-20 years
Vehicles	3-10 years
Utility systems	10-40 years
Streets	20-25 years
Bridges	20-25 years
Sidewalks	20-25 years

H. Compensated Absences

The Township's sick pay and vacation pay policies do not allow for the accumulation of unused allowances subject to cash settlement in future periods. Therefore, no accrual has been recorded in the respective funds or the General Long-Term Debt Account Group.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

I. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using straight line amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt received, are reported as debt service.

J. Encumbrances

The Township does not record encumbrances outstanding at the end of the fiscal period as either expenditures or as a reservation of fund balance. Significant long-term contract commitments or board approved reservations of fund balance are recorded as reserves for subsequent years' expenditures, a fund balance appropriation similar to but distinct from a reserve for encumbrances.

K. Fund Balance Terminology

Reservations of fund balance are established to identify (1) third party claims against resources of the entity that have not materialized as liabilities at the balance sheet date, (2) the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure (for example, inventories, prepaid expenses, and non-current assets), or (3) legal restrictions as to expenditures and appropriations. Such reserves are not intended as valuation allowances, but merely demonstrate that such assets are not available for unspecified future expenditures.

L. Insurance and Similar Services

Insurance and similar services which extend over more than one accounting period are accounted for as expenditures in the period paid.

M. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues and expenditures. Actual results may differ from estimated amounts.

NOTE 2: COMPLIANCE WITH AMENDED BUDGET AND MICHIGAN PUBLIC ACT (P.A.) 621 OF 1978 AND OTHER BUDGET INFORMATION

Michigan Public Act 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated in budget resolutions of the governing body.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2004

NOTE 2: COMPLIANCE WITH AMENDED BUDGET AND MICHIGAN PUBLIC ACT (P.A.) 621 OF 1978 AND OTHER BUDGET INFORMATION – Concluded

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for those budgetary funds are adopted at the activity level, as shown in the combining and individual fund financial statements.

During 2004, the Township did incur expenditures in budgetary funds which were in excess of the amount appropriated.

	BUDGET	ACTUAL	VARIANCE (UNFAVORABLE)
General Fund			
Public safety	\$ 2,738,089	\$ 2,780,730	\$(42,641)
Community Development			
Community services	84,853	93,464	(8,611)

The Township's appropriation resolution is generally passed during the December preceding the year in which the planned expenditures relate. Subsequent amendments are made to avoid unfavorable variances from the original budget. Related resolutions state the purpose and amount of the budget changes. The Township Supervisor has the responsibility to enforce the budget. Unused appropriations do not carry forward to the next fiscal year.

NOTE 3: AMOUNT PAYABLE TO OTHER GOVERNMENTS AT DECEMBER 31, 2004

The Trust and Agency Fund – Current Tax Collection Fund is used to account for the property taxes that the Township collects for various governmental units, such as the county and local schools. As of December 31, 2004, the Township had \$10,234,891 in property tax collections and related receipts in this fund which are payable to various units.

NOTE 4: PROPERTY TAXES

The Township's annual property tax on real and personal property within the Township is levied on December 1, and is based on assessed valuation of property as of the preceding December 31. Assessed valuation, which is required by law to be 50 percent of current market value, is established by the Township and is subject to possible equalization by the County and State. In addition to collecting their own taxes, the Township also acts as collection agent for all overlapping government entities in the Township, which includes school districts, a community college, and the County.

The Township recognizes property taxes as revenue in the year subsequent to the levy, except the DDA summer tax levy that is recognized as revenue when collected and remitted to the Township DDA from the tax account. Property taxes levied on December 1, 2003, (based on December 31, 1999 assess valuations), have been recorded as revenues in the current financial statements. Property taxes levied on December 1, 2004 have been recorded as taxes receivable with corresponding amounts recorded as deferred revenues in the Township's taxing funds.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2004

NOTE 4: PROPERTY TAXES – Concluded

Beginning approximately March 1, all unpaid taxes become delinquent and are collected by the Oakland County Treasurer. Any real property taxes returned delinquent to the Oakland County Treasurer are paid to the Township through the County's Delinquent Tax Revolving Fund.

Delinquent personal property taxes receivable are not recorded in the financial statements, since outstanding personal property taxes due the Township are relatively minor in amount, and prior experience has shown that a relatively small portion of the delinquent personal property taxes are collected after the close of the fiscal period in which they become delinquent.

The December 2003 levy was as follows:

Taxable property valuation: \$ 1,457,960,858

Millage rates:

General operating	1.4100
Extra voted fire	1.0313
Extra voted library	.3000
Extra voted law enforcement	.6926

NOTE 5: CAPITAL ASSETS

A summary of changes in governmental capital assets including internal service fund assets are as follows:

	JANUARY 1, 2004	ADDITIONS	DELETIONS	DECEMBER 31, 2004
Capital assets not being depreciated				
Land	\$ 4,387,506	\$ 7,712	\$	\$ 4,395,218
Capital assets being depreciated				
Buildings	5,708,893			5,708,893
Improvements	369,125	12,445		381,570
Machinery and equipment	2,320,630	131,102		2,451,732
Infrastructure	80,839,799	11,700,340		92,540,139
Total Capital assets being depreciated	89,238,447	11,843,887		101,082,334
Less: Accumulated depreciation				
Buildings	994,532	140,860		1,135,392
Improvements	214,757	15,255		230,012
Machinery and equipment	1,445,599	235,265		1,680,864
Infrastructure	12,420,535	1,991,030		14,411,565
Total Accumulated Depreciation	15,075,423	2,382,410		17,457,833
Total Capital Assets being depreciated - Net	74,163,024	9,461,477		83,624,501
NET CAPITAL ASSETS	\$ 78,550,530	\$ 9,469,189	\$	\$ 88,019,719

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2004

NOTE 5: CAPITAL ASSETS - Concluded

Depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

GOVERNMENTAL ACTIVITY	AMOUNT
General government	\$ 47,753
Public safety	280,766
Culture and recreation	19,791
Public works	<u>2,034,100</u>
TOTAL DEPRECIATION EXPENSE GOVERNMENTAL ACTIVITIES	\$ <u>2,382,410</u>

A summary of the asset activity for the governmental activity component unit is as follows:

COMPONENT UNIT	JANUARY 1, 2004	ADDITIONS	DELETIONS	DECEMBER 31, 2004
Infrastructure	\$ 8,871,223	\$ 392,293	\$ 2,059,013	\$ 7,204,503
Land	1,534,750	27,756,637		29,291,387
Buildings	10,898,095			10,898,095
Equipment	<u>127,800</u>			<u>127,800</u>
Total Capital Assets	<u>21,431,868</u>	<u>28,148,930</u>	<u>2,059,013</u>	<u>47,521,785</u>
Less: accumulated depreciation				
Buildings	1,907,167	272,452		2,179,619
Equipment	127,800			127,800
Infrastructure	<u>2,275,000</u>	<u>162,500</u>		<u>2,437,500</u>
Total Accumulated Depreciation	<u>4,309,967</u>	<u>434,952</u>		<u>4,744,919</u>
NET CAPITAL ASSETS	\$ <u>17,121,901</u>	\$ <u>27,713,978</u>	\$ <u>2,059,013</u>	\$ <u>42,776,866</u>

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2004

NOTE 6: **CASH AND INVESTMENTS**

The Township's deposits and investments at December 31, 2004 are included on the balance sheet under the following classifications:

	CASH AND CASH EQUIVALENTS	INVESTMENTS	CARRYING AMOUNT TOTAL
Deposits – Bank	\$ 25,381,608	\$	\$ 25,381,608
Investments held by:			
Bank		20,331,472	20,331,472
Defined contribution plan		<u>3,535,912</u>	<u>3,535,912</u>
Deposits and investments	25,381,608	23,867,384	49,248,992
Petty cash and cash on hand	<u>1,083</u>		<u>1,083</u>
Total cash and investments	<u>\$ 25,382,691</u>	<u>\$ 23,867,384</u>	<u>\$ 49,250,075</u>

DEPOSITS

At December 31, 2004, the book value of the Township's demand deposits, consisting primarily of certificates of deposits and other cash equivalents, was \$25,381,608 with a corresponding bank balance of \$25,261,531. Qualifying deposits are insured by the FDIC up to \$100,000. Of the bank balance, approximately \$800,000 is insured (credit risk category #1) and the remaining \$24,461,531 is uninsured and uncollateralized (credit risk category #3).

INVESTMENTS

The Township is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies (of nonpension funds) in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers' acceptances, and mutual funds and investment pools that are composed of authorized investment vehicles. To the extent cash from various funds has been pooled in an investment, related investment income is allocated to each fund based on relative participation in that pool.

The Township's investments are categorized below to give an indication of the level or risk assumed by the entity at December 31, 2004. Risk Category 1 includes those investments that meet any one of the following criteria.

- A. Insured
- B. Registered
- C. Held by the Township or its agent

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2004

NOTE 6: CASH AND INVESTMENTS - Continued

INVESTMENTS – Concluded

Risk Categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the Township's name. Category 3 includes investments held by:

- A. The counterparty, or
 B. The counterparty's trust department (or agent) but not in the Township's name.

	CATEGORY			CARRYING AMOUNT	MARKET VALUE
	1	2	3		
Investment type:					
Certificates of deposit	\$ <u>203,909</u>	\$ <u>20,127,563</u>	\$ _____	\$ <u>20,331,472</u>	\$ <u>20,331,472</u>
Investments not subject to categorization:					
Defined contribution plan	_____	<u>3,535,912</u>	_____	<u>3,535,912</u>	<u>3,535,912</u>
TOTAL					
INVESTMENTS	\$ <u>203,909</u>	\$ <u>23,663,475</u>	\$ _____	\$ <u>23,867,384</u>	\$ <u>23,867,384</u>

Investments are stated at fair value, which is based on provided market values.

Deposits and investments are in compliance with statutory authority.

COMPONENT UNIT – DDA- CASH AND INVESTMENTS

The Authority's deposits and investments at December 31, 2004 are included on the balance sheet under the following classifications:

	CASH AND CASH EQUIVALENTS	INVESTMENTS	CARRYING AMOUNT TOTAL
Deposits – Bank	\$20,791,318	\$ _____	\$20,791,318
Investments held by:			
Bank	<u>1,138,250</u>	_____	<u>1,138,250</u>
Total cash and investments	\$ <u>21,929,568</u>	\$ _____	\$ <u>21,929,568</u>

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2004

NOTE 6: **CASH AND INVESTMENTS – Concluded**

COMPONENT UNIT – DDA- CASH AND INVESTMENTS - Concluded

DEPOSITS

At December 31, 2004, the book value of the Downtown Development Authority's demand deposits, consisting primarily of certificates of deposits and other cash equivalents, was \$21,929,568 with a corresponding bank balance of \$21,952,447. Qualifying deposits are insured by the FDIC up to \$100,000. Of the bank balance, approximately \$700,000 is insured (risk category #1) and the remaining \$21,252,447 is uninsured and uncollateralized (risk category #3).

INVESTMENTS

The Authority is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies (of nonpension funds) in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers' acceptances, and mutual funds and investment pools that are composed of authorized investment vehicles. To the extent cash from various funds has been pooled in an investment, related investment income is allocated to each fund based on relative participation in that pool.

The Authority's investments are categorized below to give an indication of the level or risk assumed by the entity at December 31, 2004. Risk Category 1 includes those investments that meet any one of the following criteria.

- A. Insured
- B. Registered
- C. Held by the Authority or its agent

Risk Categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the Authority's name. Category 3 includes investments held by:

- A. The counterparty, or
- B. The counterparty's trust department (or agent) but not in the Authority's name.

		<u>CATEGORY</u>			<u>CARRYING AMOUNT</u>	<u>MARKET VALUE</u>
		<u>1</u>	<u>2</u>	<u>3</u>		
Certificates of deposit	\$		\$		\$ _____	\$ _____
Investments not subject						
to categorization:						
Comerica "J" Fund					<u>1,138,250</u>	<u>1,138,250</u>
					<u>\$1,138,250</u>	<u>\$1,138,250</u>

Investments are stated at fair value, which is based on provided market values.

Deposits and investments are in compliance with statutory authority.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2004

NOTE 7: **EMPLOYEE BENEFITS**

A. RETIREMENT PLAN

Plan Description

Substantially all of the employees of the Township are covered by a pension plan. The current plan is a defined contribution plan requiring contributions by the Township of 12% to 13% of each employee's base salary. The plan is administered by the Township through Manulife Financial. The employer's current year covered payroll approximates \$2,445,446 (total current year payroll for all employees approximates \$2,998,917). Employees may make voluntary contributions up to 10% of their annual compensation. Eligibility for coverage is the first work day on which the employee has reached age 18, but not more than 75 years of age, with 100% vesting after 20 months of employment. The Township's contribution for 2004 was \$302,793.

Summary of Significant Accounting Policies

Basis of Accounting. The financial statements of the defined contribution plan are prepared using the accrual basis of accounting. Contributions are recognized as revenues in the period in which employee services are performed.

Method Used to Value Investments. Investments of the plan are reported at fair value based on provided market values. Investment income is recognized as earned. The net appreciation in the fair value of investments is recognized as additions to assets. Gains and losses on the sale of securities are recognized on the transaction date.

B. DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with IRS section 457. The plan, available to all Township employees, permits them to defer a portion of their current salary until future years. A trust has been established for the plan assets and the related assets and liability are not included in the Township's general purpose financial statements.

NOTE 8: **LONG-TERM OBLIGATIONS**

The State of Michigan Charter Township Act of 1947, as amended, limits the amount of general obligation debt that may be carried by the Charter Township of Commerce to an amount not to exceed ten percent of the latest assessed value of all real and personal property within the Township. In determining net debt, special assessment bonds, revenue bonds, and certain bonds issued for the abatement of pollution are not included in the calculation, even if such debt was issued as general obligation debt of the Township. In addition, any monies held by the Township for future payment of currently outstanding debt reduces the amount of debt subject to this provision.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2004

NOTE 8: LONG-TERM OBLIGATIONS - Continued

The following is a summary of long-term debt transactions of the primary government and all component units for the year ended December 31, 2004.

	SPECIAL ASSESSMENT BONDS	GENERAL OBLIGATION BONDS
As of January 1, 2004	\$ 16,251,000	\$ 14,400,000
Additions (Reductions)	(<u>2,624,660</u>)	<u>36,362,500</u>
As of December 31, 2004	<u>\$ 13,626,340</u>	<u>\$ 50,762,500</u>

Long-term debt at December 31, 2004 is comprised of the individual issues:

	BALANCE JANUARY 1, 2004	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2004	AMOUNT DUE WITHIN ONE YEAR
Governmental Activities - Primary Government				
1992 Lake Pine Capital Charges Special Assessment General Obligation Bonds, Series A	\$ 12,000	\$(4,000)	\$ 8,000	\$
1992 Special Assessment General Obligation Limited Tax Bond, Series B	1,205,000	(155,000)	1,050,000	150,000
1992 Clifford Smart Sewer Special Assessment General Obligation Limited Tax Bonds, Series E	4,000	(4,000)		
1995 Riverwalk Sewer, Golfside Water and Special Project #5, Special Assessment Limited Tax General Obligation Bonds, Series B	15,000	(15,000)		
1996 Commerce Road Waterway and Special Project #7, Special Assessment Limited Tax General Obligation Bonds, Series A	70,000	(70,000)		

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2004

NOTE 8: LONG-TERM OBLIGATIONS – Continued

	BALANCE JANUARY 1, 2004	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2004	AMOUNT DUE WITHIN ONE YEAR
Governmental Activities -				
Primary Government - Continued				
1997 Special Project #8, Mt. Royal Water, Special Assessment Limited Tax General Obligation Bonds, Series A	\$ 240,000	\$(120,000)	\$ 120,000	\$
1997 Commerce-Carroll Water and Sewer, MPB Pump Station and Lateral, Hoeft Water, South Benstein Sewer, Special Assessment Limited Tax General Obligation Bonds, Series A	320,000	(275,000)	45,000	
2001 Carey/Commerce Water Main Tree Haven/Wenonah Hills Paving, Special Projects #9, Commerce Plaza Sewer, Wise Road Water, Special Assessment Limited Tax General Obligation Bonds, Series A	460,000	(115,000)	345,000	115,000
2001 North Shores/MPB Water, North Shores/MPB Sewer, Peninsular Park Sewer, Peninsular Park Water, Union Lake Highland Sewer, Four Oaks/Liesel Court Paving, Maynard Drain, Lower Mt. Royal Paving, Special Projects # 10, Special Projects #11, Special Assessment Limited Tax General Obligation Bonds, Series B	1,275,000	(715,000)	560,000	
1999 Switzerland Sub Sewer, Edgewood North Water, West Village Sewer, Arbor Village Sewer, Fox Lake Canal Special Project # 12, Special Assessment Limited Tax General Obligation Bonds, Series A	500,000	(210,000)	290,000	

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2004

NOTE 8: **LONG-TERM OBLIGATIONS** – Continued

	BALANCE JANUARY 1, 2004	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2004	AMOUNT DUE WITHIN ONE YEAR
Governmental Activities - Primary Government - Continued				
1999 General Obligation Unlimited Tax Bonds	\$ 1,100,000	\$(525,000)	\$ 575,000	\$ 575,000
Special Assesment Limited Tax General Obligation Bonds, Series 2000-A	600,000	(300,000)	300,000	
Special Assesment Limited Tax General Obligation Bonds, Series 2000-B	1,065,000	(175,000)	890,000	155,000
2001 Golf Lane Special Project #13 Special Assessment Limited Tax General Obligation Bonds, Series B	525,000	(100,000)	425,000	100,000
2001 A Special Assessment #4202	640,000	(100,000)	540,000	95,000
Special Assesment Bonds Series 2002-A	4,220,000	(240,000)	3,980,000	240,000
Special Assesment Bonds Series 2002-BSA	600,000	(75,000)	525,000	75,000
Special Assesment Bonds Series 2003-A	4,500,000	(500,000)	4,000,000	500,000
Special Assessment Bonds Series 2004-A		548,340	548,340	60,000
IPC Financing		<u>2,275,000</u>	<u>2,275,000</u>	<u>190,000</u>
Total Primary Government	<u>\$ 17,351,000</u>	<u>\$(874,660)</u>	<u>\$ 16,476,340</u>	<u>\$ 2,255,000</u>

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2004

NOTE 8: LONG-TERM OBLIGATIONS - Continued

Component Unit	BALANCE JANUARY 1, 2004	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2004	AMOUNT DUE WITHIN ONE YEAR
1989 Downtown Development Authority Limited Tax General Obligation Bonds	\$ 300,000	\$(300,000)	\$	\$
2003 Downtown Development Authority Limited Tax General Obligation Bonds	13,000,000		13,000,000	
2004 Downtown Development Authority Limited Tax General Obligation Bonds	<u> </u>	<u>34,912,500</u>	<u>34,912,500</u>	<u> </u>
Total Component Unit	<u>\$ 13,300,000</u>	<u>\$ 34,612,500</u>	<u>\$ 47,912,500</u>	<u>\$</u>

The annual requirements to pay future principal and interest are as follows:

YEAR ENDING JUNE 30,	GENERAL OBLIGATION BONDS	SPECIAL ASSESSMENT BONDS	TOTAL
2005 Principal	\$ 765,000	\$ 1,490,000	\$ 2,255,000
Interest	349,790	588,260	938,050
Total	1,114,790	2,078,260	3,193,050
2006 Principal	200,000	1,790,000	1,990,000
Interest	329,040	503,482	832,522
Total	529,040	2,293,482	2,822,522
2007 Principal	210,000	1,920,000	2,130,000
Interest	320,078	418,841	738,919
Total	530,078	2,338,841	2,868,919
2008 Principal	640,000	1,805,000	2,445,000
Interest	312,981	348,429	661,410
Total	952,981	2,153,429	3,106,410
2009 Principal	1,300,000	1,435,000	2,735,000
Interest	298,754	276,863	575,617
Total	1,598,754	1,711,863	3,310,617

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2004

NOTE 8: LONG-TERM OBLIGATIONS – Concluded

	GENERAL OBLIGATION BONDS	SPECIAL ASSESSMENT BONDS	TOTAL
2010 Principal	\$ 1,455,000	\$ 1,259,000	\$ 2,714,000
Interest	281,095	221,256	502,351
Total	1,736,095	1,480,256	3,216,351
2011 Principal	1,605,000	1,034,000	2,639,000
Interest	259,570	173,539	433,109
Total	1,864,570	1,207,539	3,072,109
2012 Principal	1,770,000	800,000	2,570,000
Interest	234,200	131,075	365,275
Total	2,004,200	931,075	2,935,275
2013 Principal	1,930,000	300,000	2,230,000
Interest	204,945	99,575	304,520
Total	2,134,945	399,575	2,534,520
Thereafter			
Principal	40,887,500	1,793,340	42,680,840
Interest	542,300	345,250	887,550
Total	41,429,800	2,138,590	43,568,390
TOTAL			
Principal	50,762,500	13,626,340	64,388,840
Interest	3,132,753	3,106,570	6,239,323
Total	53,895,253	16,732,910	70,628,163

There are a number of limitations and restrictions contained in the various bond indentures. The Township is in compliance with all significant limitations and restrictions.

NOTE 9: INTERFUND BALANCE

The amounts of interfund receivables and payables are as follows:

General	\$ 620,926	Improvement Revolving	\$
		Special Revenue -	
		Building Inspection	122,068
		Community Development	51,954
		Trust and Agency	53,117
		Tax	13,141
		Fire	380,646
Subtotal	<u>620,926</u>	Subtotal	<u>620,926</u>

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2004

NOTE 9: INTERFUND BALANCE – Concluded

Special Revenue	\$		Debt service	\$	263,082
Improvement			Capital projects		186,542
and building	121,726		General fund		138,339
Improvement revolving	508,735		Trust and agency		34,811
Community Development	12,585		Fire		63,328
Debt Service	<u>43,056</u>				
Subtotal	<u>686,102</u>		Subtotal		<u>686,102</u>
Total	<u>\$ 1,307,028</u>		Total		<u>\$ 1,307,028</u>

RECONCILIATION TO STATEMENTS

	DUE FROM		DUE TO
Government funds	<u>\$ 101,069</u>	Fiduciary	<u>\$ 101,069</u>

NOTE 10: RESERVED FUND BALANCE – IMPROVEMENT REVOLVING FUND

The Township of Commerce has committed funds to construction projects in the Special Revenue Funds as of December 31, 2004 as follows:

Improvement Revolving Fund		
Pump Station Metering Design		\$ 100,000
Master Plan for Storm Water Management		50,000
Water Main Loop Commerce Road and Carroll Lake Road		200,000
WWTP Study		50,000
Wolverine/Commerce Water Line Extension		760,000
Newton/South Commerce Sanitary Sewer Force Main		1,800,000
Construction Wetland Improvement – Lake Berry		400,000
Benstein Road Water Meter & Meter Pit		550,000
Benstein Ladd Water Main Tap Fees		1,200,000
Brookneal Sanitary Sewer		<u>25,000</u>
Subtotal		<u>5,135,000</u>
Improvement and Building Fund		
Library Construction		2,338,324
Single Year SAD's		296,343
Township Hall		<u>293,877</u>
Subtotal		<u>2,928,544</u>
Fire Fund		
Reserve for Fire Truck		<u>400,000</u>
Road Improvement Fund		
S. Commerce Road Culvert Improvement		68,925
Union Lake Right Away Acquisition		<u>80,000</u>
		<u>148,925</u>
TOTAL		<u>\$ 8,612,469</u>

The total of \$8,612,469 is reported as reserved fund balance.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Concluded
DECEMBER 31, 2004

NOTE 11: CONTINGENT LIABILITY

The Township is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Township Attorney, the resolution of these matters will not have a material effect of the financial condition of the Township.

NOTE 12: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees as well as medical benefits; and natural disasters. The Township manages its liability, property risk, and medical benefits through the purchase of commercial insurance.

The Township manages its workers' compensation insurance by participating in Michigan Municipal Workers' Compensation Fund, a public entity risk pool providing workers' compensation coverage to its participating members. The Township pays an annual premium to the Fund for its insurance coverage. The Fund is self-sustaining through member premiums and provides, subject to certain deductibles, occurrence-based coverage for each incident to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 13: POST RETIREMENT BENEFITS

As of April 1, 1997, half the health insurance costs of new retirees will be paid. During 2004 there was one retiree receiving this benefit at a cost of \$4,659.

NOTE 14: ACCUMULATED FUND DEFICITS

The Township had the following fund deficits at December 31, 2004:

Capital Projects	
Fire	\$(26,045)
Building inspection	(117,023)
1992 Clifford H. Smart	(1,151)
Mt. Royal bridge repair	(27,376)
Mimosa Estates	(343)
Central West water main	(196,532)
Greenlawn/Commence Road Sewer	(10,681)

NOTE 15: PRIOR PERIOD ADJUSTMENT

The Township had the following prior period adjustment:

	TOWNSHIP	DDA
Previous years' infrastructure	\$ <u>43,080,884</u>	\$ <u>12,798,727</u>

NOTE 16: INFRASTRUCTURE

As of December 31, 2004, all prior years' infrastructure has been recorded.

GENERAL FUND

The General Fund exists to account for the resources devoted to finance the services traditionally associated with local government. Included in these services are police and fire protection, public works and general administration of the Township. Any other activity for which a special fund has not been created is accounted for in the General Fund.

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES -
BY CATEGORY
LAST TEN FISCAL PERIODS
(UNAUDITED)

	1995	1996	1997	1998
REVENUES				
Current property taxes	\$ 2,237,867	\$ 2,310,306	\$ 2,458,163	\$ 2,660,042
Excess of roll	79,421	92,229	75,419	93,949
Delinquent taxes, penalties and interest	9,055	7,405	17,305	12,785
Payment in lieu of taxes	203	203	203	203
State revenue sharing	1,377,816	1,808,325	1,772,795	1,886,903
Permits, licenses and fees	822,377	790,249	966,944	1,197,267
Interest on investments	269,938	253,870	339,665	333,643
Federal, state and local grants				
Other	29,540	33,200	134,150	100,600
Miscellaneous fees	12,128	11,600	33,946	63,606
Other	125,777	103,833	104,663	107,727
REVENUES BEFORE OTHER FINANCING SOURCES	<u>4,964,122</u>	<u>5,411,220</u>	<u>5,903,253</u>	<u>6,456,725</u>
OTHER OPERATING SOURCES				
Operating transfers in				
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 4,964,122</u>	<u>\$ 5,411,220</u>	<u>\$ 5,903,253</u>	<u>\$ 6,456,725</u>

1999	2000	2001	2002	2003	2004
\$ 2,842,968 108,965	\$ 2,897,732	\$ 2,797,994	\$ 2,950,120	\$ 3,496,851	\$ 3,465,068
38,859	67,567	234,773	235,170	21,708	15,906
203	223	807	1,507	1,917	203
2,016,583	2,156,216	2,674,554	2,457,712	2,273,373	2,111,788
1,110,338	783,041	1,791,773	2,542,340	2,519,324	2,326,422
344,444	554,629	331,589	57,769	126,761	128,240
104,733	42,000		500	108,449	(39,550)
46,273	61,404	126,716	71,340	132,335	292,525
138,328	79,475	92,357	67,986	17,213	125,275
<u>6,751,694</u>	<u>6,642,287</u>	<u>8,050,563</u>	<u>8,384,444</u>	<u>8,697,931</u>	<u>8,425,877</u>
<u>63,217</u>		<u>94,018</u>			<u>1,609,096</u>
\$ <u><u>6,814,911</u></u>	\$ <u><u>6,642,287</u></u>	\$ <u><u>8,144,581</u></u>	\$ <u><u>8,384,444</u></u>	\$ <u><u>8,697,931</u></u>	\$ <u><u>10,034,973</u></u>

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
BY ACTIVITY
LAST TEN FISCAL PERIODS
(UNAUDITED)

	1995	1996	1997	1998
EXPENDITURES				
Township board	\$ 14,972	\$ 15,698	\$ 20,226	\$ 20,367
Township supervisor	121,393	117,543	140,436	147,343
Assessing	230,216	218,276	260,027	371,127
Legal	143,426	162,880	260,435	339,019
Township clerk	192,960	199,222	224,177	248,619
Auditing and accounting	13,010	14,050	14,850	15,400
Board of review	8,789	5,858	6,567	5,598
Tax roll and data processing	25,816	35,052	30,731	30,574
Township treasurer	177,888	191,962	193,333	207,667
Township hall	104,628	113,669	133,240	155,800
General services	141,868	120,927	134,985	171,603
Police protection	1,416,511	1,507,265	1,767,544	1,884,444
Ordinance enforcement				
Elections	428	50,481		30,471
Fire protection	642,001	709,286		872,692
Building and inspections	363,016	368,803	824,274	523,304
Street lighting	21,509	21,804	442,831	21,916
Refuse			21,787	
Weed and dust control				
Library service	368,123	400,072	422,766	470,430
Planning and zoning	114,755	108,575	138,797	155,318
Parks and recreation	61,978	72,302	99,543	131,124
Water and sewer				
Other costs	<u>73,574</u>	<u>99,467</u>	<u>81,078</u>	<u>105,073</u>
EXPENDITURES BEFORE OTHER FINANCING USES	4,236,861	4,533,192	5,217,627	5,907,889
OTHER FINANCING USES				
Improvement revolving fund				
Building and improvement fund				
Cemetery fund	350,000	500,000		450,000
Fire fund				
Road improvement fund				50,000
Retirement health benefit				
Operating transfers in	<u>450,000</u>			<u>300,000</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ <u>5,036,861</u>	\$ <u>5,033,192</u>	\$ <u>5,217,627</u>	\$ <u>6,707,889</u>

1999	2000	2001	2002	2003	2004
\$ 27,467	\$ 23,369	\$ 27,462	\$ 28,652	\$ 28,826	\$ 28,880
162,743	167,162	99,857	104,495	108,679	108,213
327,720	397,637	462,056	497,166	521,797	540,346
380,071	444,528	441,234	350,103	398,131	374,569
275,754	347,165	408,467	397,676	418,469	462,391
15,400	11,155	11,700	11,877	16,000	20,580
6,782	4,800	7,410	7,590	4,700	5,700
31,117	24,470	28,097	30,631	32,277	28,736
236,668	252,386	296,510	282,607	310,386	312,144
180,672	147,033	131,819	77,879	107,964	123,033
104,488	220,596	156,368	192,327	204,644	237,904
1,929,820	1,925,305	2,039,488	2,137,396	2,214,402	2,421,130
	50,065	5,445	58,268	91,173	114,115
953,106	1,003,322	1,236,348	45,388	3,898	75,324
627,143		(5,909)	1,372,961	(31,703)	
20,953	25,595	21,967	(67)	(692)	
		1,246,457	27,171	35,083	39,992
		72,745	1,322,184	1,413,547	1,363,212
511,106	582,661	570,183	89,440	81,857	155,600
172,881	176,473	220,806	611,236	662,750	437,216
128,710	182,630	179,075	225,070	246,539	245,485
	183,850	(507)	221,451	235,580	259,714
<u>231,074</u>	<u>222,892</u>	<u>354,373</u>	<u>483,304</u>	<u>347,099</u>	<u>161,561</u>
6,323,675	6,393,094	8,011,451	8,574,805	7,451,406	7,515,845
		413,799	50,435		301,589
		2,594			200,000
					2,004,012
					400,000
<u>63,217</u>			11,000	11,000	
				4,618	7
\$ <u><u>6,386,892</u></u>	\$ <u><u>6,393,094</u></u>	\$ <u><u>8,427,844</u></u>	\$ <u><u>8,636,240</u></u>	\$ <u><u>7,467,024</u></u>	\$ <u><u>10,421,453</u></u>

SPECIAL REVENUE FUNDS

A Special Revenue Fund is used to finance particular activities and is created out of receipts of specific taxes or other earmarked revenues. Such funds are authorized by statutory or charter provisions to pay for certain activities with some special form of continuing revenues.

CHARTER TOWNSHIP OF COMMERCE
NON MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2004

	OPEN SPACE	BUILDING INSPECTION	ROAD IMPROVEMENT	IMPROVEMENT AND BUILDING
ASSETS				
Cash and cash equivalents	\$	\$ 31,433	\$ 466,669	\$ 191,846
Investments			709,429	2,632,693
Interest receivable			1,963	31,938
Due from other funds				121,726
Due from other governmental units				
Taxes receivable				
	<u>630,566</u>			
TOTAL ASSETS	<u>\$ 630,566</u>	<u>\$ 31,433</u>	<u>\$ 1,178,061</u>	<u>\$ 2,978,203</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$	\$ 12,146	\$	\$
Accrued payroll and other liabilities		14,242		
Due to other funds		122,068		
Deferred revenue	<u>630,566</u>			
TOTAL LIABILITIES	<u>630,566</u>	<u>148,456</u>		
FUND BALANCE				
Reserved for construction projects			148,925	2,928,544
Unreserved, undesignated		(117,023)	1,029,136	49,659
TOTAL FUND BALANCE		<u>(117,023)</u>	<u>1,178,061</u>	<u>2,978,203</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 630,566</u>	<u>\$ 31,433</u>	<u>\$ 1,178,061</u>	<u>\$ 2,978,203</u>

COMMUNITY DEVELOPMENT	MUSEUM	CEMETERY	RETIREMENT HEALTH BENEFIT	TOTALS
\$	\$ 3,531 130,526	\$ 210,827 130,689	\$ 24,374	\$ 928,680 3,603,337 33,901 134,311 49,817 630,566
12,585 49,817				
<u>\$ 62,402</u>	<u>\$ 134,057</u>	<u>\$ 341,516</u>	<u>\$ 24,374</u>	<u>\$ 5,380,612</u>
\$ 10,448	\$	\$	\$	\$ 22,594
51,954				14,242 174,022 630,566
<u>62,402</u>				<u>841,424</u>
	<u>134,057</u>	<u>341,516</u>	<u>24,374</u>	3,077,469 1,461,719
	<u>134,057</u>	<u>341,516</u>	<u>24,374</u>	<u>4,539,188</u>
<u>\$ 62,402</u>	<u>\$ 134,057</u>	<u>\$ 341,516</u>	<u>\$ 24,374</u>	<u>\$ 5,380,612</u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2004

	OPEN SPACE	BUILDING INSPECTION	ROAD IMPROVEMENT	IMPROVEMENT AND BUILDING
REVENUES				
Intergovernmental revenues				
Federal and state grants	\$	\$	\$	\$
Interest income			11,055	41,290
Charges for services		1,965,175	39,066	26,111
Miscellaneous revenue				81,132
TOTAL REVENUES		<u>1,965,175</u>	<u>50,121</u>	<u>148,533</u>
EXPENDITURES				
General government				
Professional fees				
Community services				
Public health and safety		979,261		
Building, equipment and other				89,195
TOTAL EXPENDITURES		<u>979,261</u>		<u>89,195</u>
EXCESS OF REVENUES OVER EXPENDITURES		985,914	50,121	59,338
OTHER FINANCING SOURCES (USES)				
Operating transfers in			400,000	301,589
Operating transfers out		<u>(1,315,218)</u>		
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES		(329,304)	450,121	360,927
FUND BALANCE, JANUARY 1		<u>212,281</u>	<u>727,940</u>	<u>2,617,276</u>
FUND BALANCE, DECEMBER 31	\$	\$ <u>(117,023)</u>	\$ <u>1,178,061</u>	\$ <u>2,978,203</u>

COMMUNITY DEVELOPMENT	MUSEUM	CEMETERY	RETIREMENT HEALTH BENEFIT	TOTALS
\$ 93,464	\$ 1,480	\$ 1,458	\$ 207	\$ 93,464
	168	18,250		55,490
<u>93,464</u>	<u>1,648</u>	<u>19,708</u>	<u>11,314</u>	<u>2,048,602</u>
			<u>11,521</u>	<u>92,614</u>
				<u>2,290,170</u>
93,464		16,556	6,194	6,194
				16,556
<u>93,464</u>		<u>16,556</u>	<u>6,194</u>	<u>93,464</u>
				<u>979,261</u>
				<u>89,195</u>
	1,648	3,152	5,327	<u>1,184,670</u>
				1,105,500
		200,000		901,589
				<u>(1,315,218)</u>
	1,648	203,152	5,327	691,871
	<u>132,409</u>	<u>138,364</u>	<u>19,047</u>	<u>3,847,317</u>
\$ <u><u>134,057</u></u>	\$ <u><u>134,057</u></u>	\$ <u><u>341,516</u></u>	\$ <u><u>24,374</u></u>	\$ <u><u>4,539,188</u></u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF
INDIVIDUAL FUNDS - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>BUILDING INSPECTION</u>		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
REVENUES			
Intergovernmental revenues			
Federal and state grants	\$	\$	\$
Interest income			
Charges for services	1,929,954	1,965,175	35,221
Miscellaneous revenue			
TOTAL REVENUES	<u>1,929,954</u>	<u>1,965,175</u>	<u>35,221</u>
EXPENDITURES			
General government			
General services			
Professional fees			
Community services			
Public health and safety	1,006,842	979,261	27,581
Capital outlay			
Other			
TOTAL EXPENDITURES	<u>1,006,842</u>	<u>979,261</u>	<u>27,581</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	923,112	985,914	62,802
OTHER FINANCING SOURCES (USES)			
Operating transfers in			
Operating transfers out	<u>(1,242,989)</u>	<u>(1,315,218)</u>	<u>(72,229)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(319,877)	(329,304)	(9,427)
FUND BALANCE, JANUARY 1	<u>212,281</u>	<u>212,281</u>	
FUND BALANCE, DECEMBER 31	\$ <u><u>(107,596)</u></u>	\$ <u><u>(117,023)</u></u>	\$ <u><u>(9,427)</u></u>

ROAD IMPROVEMENT			IMPROVEMENT AND BUILDING		
BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
\$ 10,000	\$ 11,055	\$ 1,055	\$ 10,000	\$ 41,290	\$ 31,290
	39,066	39,066	22,800	26,111	3,311
			24,832	81,132	56,300
<u>10,000</u>	<u>50,121</u>	<u>40,121</u>	<u>57,632</u>	<u>148,533</u>	<u>90,901</u>
			100,810	89,195	11,615
			100,810	89,195	11,615
10,000	50,121	40,121	(43,178)	59,338	102,516
	400,000	400,000	1,307,889	301,589	(1,006,300)
10,000	450,121	440,121	1,264,711	360,927	(903,784)
727,940	727,940		2,617,276	2,617,276	
<u>\$ 737,940</u>	<u>\$ 1,178,061</u>	<u>\$ 440,121</u>	<u>\$ 3,881,987</u>	<u>\$ 2,978,203</u>	<u>\$ (903,784)</u>

CHARTER TOWNSHIP OF COMMERCE, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF
INDIVIDUAL FUNDS - BUDGET AND ACTUAL - Continued
FOR THE YEAR ENDED DECEMBER 31, 2004

	COMMUNITY DEVELOPMENT		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
REVENUES			
Intergovernmental revenues			
Federal and state grants	\$ 84,853	\$ 93,464	\$ 8,611
Interest income			
Charges for services			
Miscellaneous revenue			
TOTAL REVENUES	<u>84,853</u>	<u>93,464</u>	<u>8,611</u>
EXPENDITURES			
General government			
General services			
Professional fees			
Community services	84,853	93,464	(8,611)
Public health and safety			
Capital outlay			
Other			
TOTAL EXPENDITURES	<u>84,853</u>	<u>93,464</u>	<u>(8,611)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
OTHER FINANCING SOURCES (USES)			
Operating transfers in			
Operating transfers out			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES			
FUND BALANCE, JANUARY 1			
FUND BALANCE, DECEMBER 31	<u>\$</u>	<u>\$</u>	<u>\$</u>

MUSEUM			CEMETERY		
BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
\$ 1,500	\$ 1,480	\$ (20)	\$ 1,500	\$ 1,458	\$ (42)
168	168		18,500	18,250	(250)
<u>1,668</u>	<u>1,648</u>	<u>(20)</u>	<u>20,000</u>	<u>19,708</u>	<u>(292)</u>
			16,556	16,556	
			<u>16,556</u>	<u>16,556</u>	
1,668	1,648	(20)	3,444	3,152	(292)
				200,000	200,000
1,668	1,648	(20)	3,444	203,152	199,708
<u>132,409</u>	<u>132,409</u>		<u>138,364</u>	<u>138,364</u>	
\$ <u><u>134,077</u></u>	\$ <u><u>134,057</u></u>	\$ <u><u>(20)</u></u>	\$ <u><u>141,808</u></u>	\$ <u><u>341,516</u></u>	\$ <u><u>199,708</u></u>

CHARTER TOWNSHIP OF COMMERCE, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF
INDIVIDUAL FUNDS - BUDGET AND ACTUAL - Concluded
FOR THE YEAR ENDED DECEMBER 31, 2004

	RETIREMENT HEALTH BENEFIT		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
REVENUES			
Intergovernmental revenues			
Federal and state grants	\$	\$	\$
Interest income	230	207	(23)
Charges for services			
Miscellaneous revenue	<u>11,400</u>	<u>11,314</u>	<u>(86)</u>
TOTAL REVENUES	<u>11,630</u>	<u>11,521</u>	<u>(109)</u>
EXPENDITURES			
General government			
General services	7,000	6,194	806
Professional fees			
Community services			
Public health and safety			
Capital outlay			
Other			
TOTAL EXPENDITURES	<u>7,000</u>	<u>6,194</u>	<u>806</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,630	5,327	697
OTHER FINANCING SOURCES (USES)			
Operating transfers in			
Operating transfers out			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	4,630	5,327	697
FUND BALANCE, JANUARY 1	<u>19,047</u>	<u>19,047</u>	
FUND BALANCE, DECEMBER 31	<u>\$ 23,677</u>	<u>\$ 24,374</u>	<u>\$ 697</u>

DEBT SERVICE FUNDS

Debt Service Funds are established to finance and account for the payment of interest and principal on all general obligation debt and revenue bonds issued for and serviced by a governmental enterprise.

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2004

	1988 EDGEWOOD & GOLF VIEW WATER SYSTEM SPECIAL ASSESSMENT G.O. BONDS	1988 MOUNT ROYAL SPECIAL ASSESSMENT BONDS	1989 HOMESTEAD LAKESIDE & TRAILVIEW WATER SPECIAL ASSESSMENT BONDS	1991 BUSS DRIVE SPECIAL ASSESSMENT BONDS
ASSETS				
Cash and cash equivalents	\$ 246	\$ 82,895	\$	\$ 5,526
Special assessments receivable	4,490			1,250
Interest receivable				
Due from other funds	19,368			
TOTAL ASSETS	\$ <u>24,104</u>	\$ <u>82,895</u>	\$ <u></u>	\$ <u>6,776</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to other funds	\$	\$	\$	\$
Deferred revenue	4,490			1,250
TOTAL LIABILITIES	<u>4,490</u>	<u></u>	<u></u>	<u>1,250</u>
FUND BALANCE				
Reserved for debt service	19,614	82,895		5,526
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>24,104</u>	\$ <u>82,895</u>	\$ <u></u>	\$ <u>6,776</u>

1992 SPECIAL PROJECTS #1, #2						
1992 LAKE PINE CAPITAL CHARGES SPECIAL ASSESSMENT G.O. BONDS	1992 UNION/COMMERCE SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1992 LAKE PINE SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1992 BOULDER SEWER WELCH ROAD, BOULDER WATER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1992 CLIFFORD H. SMART SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1993 NORTHWEST SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1993 SPECIAL PROJECT #3 SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS
\$ 4,078 1,686	\$ 259,931 1,001,939	\$ 43 2,025	\$	\$ 4	\$	\$
<u>5,764</u>	<u>1,261,870</u>	<u>358</u> <u>2,426</u>	<u></u>	<u>266</u> <u>270</u>	<u></u>	<u></u>
\$ 1,686	\$ 80,045 1,001,939	\$ 2,025	\$	\$ 1,421	\$	\$
<u>1,686</u>	<u>1,081,984</u>	<u>2,025</u>	<u></u>	<u>1,421</u>	<u></u>	<u></u>
<u>4,078</u>	<u>179,886</u>	<u>401</u>	<u></u>	<u>(1,151)</u>	<u></u>	<u></u>
<u>\$ 5,764</u>	<u>\$ 1,261,870</u>	<u>\$ 2,426</u>	<u>\$</u>	<u>\$ 270</u>	<u>\$</u>	<u>\$</u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET - Continued
FOR THE YEAR ENDED DECEMBER 31, 2004

	1994 GOLF MANOR, SPECIAL PROJECT #4 STARWOOD SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1995 LAKESIDE, EDGEWOOD & BARCLAY SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1995 RIVERWALK, GOLFSIDE & SPECIAL PROJECT #5 SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1995 LAKE SHERWOOD & SPECIAL PROJECT #6 SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS
ASSETS				
Cash and cash equivalents	\$ 86,361	\$ 97,252	\$ 75,091	\$ 154,241
Special assessments receivable	1,506	1,409	5,497	35,211
Interest receivable				
Due from other funds				
TOTAL ASSETS	<u>\$ 87,867</u>	<u>\$ 98,661</u>	<u>\$ 80,588</u>	<u>\$ 189,452</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to other funds	\$	\$	\$ 16,617	\$
Deferred revenue	1,506	1,409	5,497	35,211
TOTAL LIABILITIES	<u>1,506</u>	<u>1,409</u>	<u>22,114</u>	<u>35,211</u>
FUND BALANCE				
Reserved for debt service	<u>86,361</u>	<u>97,252</u>	<u>58,474</u>	<u>154,241</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 87,867</u>	<u>\$ 98,661</u>	<u>\$ 80,588</u>	<u>\$ 189,452</u>

1996 COMMERCE ROAD WATERWAY & SPECIAL PROJECT #7 SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1997 SPECIAL PROJECT #8 MOUNT ROYAL WATER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1997 COMMERCE/ CARROLL WATER & SEWER MPB PUMP STATION & LATERAL, HOEFT, WATER & SOUTH BENSTEIN SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1998 CAREY/ COMMERCE WATER MAIN TREE HAVEN/ WENONAH HILLS PAVING SPECIAL PROJECTS #9 COMMERCE PLAZA SEWER WISE ROAD WATER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS, SERIES A	1998 NORTH SHORES/ MPB WATER, NORTH SHORES/ MPB SEWER, PENINSULAR PARK SEWER, PENINSULAR PARK WATER, UNION LAKE HIGHLAND SEWER FOUR OAKS/LIESEL COURT PAVING, MAYNARD DRAIN, LOWER MOUNT ROYAL PAVING SPECIAL PROJECTS #10, SPECIAL PROJECTS #11, SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS, SERIES B	1999 SWITZERLAND SUB SEWER, EDGEWOOD NORTH WATER W VILLAGE OF COMMERCE SEWER, ARBOR VILLAGE SEWER FOX LAKE CANAL DREDGING, SPECIAL PROJECT #12 SPECIAL PROJECT #13 GOLF LANE SEWER/ WATER PAVING
\$ 35,182 16,670	\$ 111,884 170,787	\$ 241,344 178,476	\$ 504,956 144,620	\$ 762,636 415,699	\$ 581,380 261,827
<u>\$ 51,852</u>	<u>\$ 282,671</u>	<u>\$ 419,820</u>	<u>\$ 649,576</u>	<u>\$ 1,178,335</u>	<u>\$ 866,271</u>
\$ 10,050 16,670 26,720	\$ 99,000 170,787 269,787	\$ 178,476 178,476	\$ 144,620 144,620	\$ 45,689 415,699 461,388	\$ 261,827 261,827
<u>25,132</u>	<u>12,884</u>	<u>241,344</u>	<u>504,956</u>	<u>716,947</u>	<u>604,444</u>
<u>\$ 51,852</u>	<u>\$ 282,671</u>	<u>\$ 419,820</u>	<u>\$ 649,576</u>	<u>\$ 1,178,335</u>	<u>\$ 866,271</u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET - Continued
FOR THE YEAR ENDED DECEMBER 31, 2004

	2000 SPECIAL PROJECT #14, NORTH CAMELINA SEWER, NEWTON ROAD SEWER, LOWER MOUNT ROYAL SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS SERIES A	2000 SPECIAL PROJECT #15, UNION LAKE SUB SEWER, LADD ROAD SEWER, LYNISS WATER, LOWER MOUNT ROYAL DREDGING SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS SERIES B	2000 SPECIAL PROJECT #16 HOMESTEAD SEWER SOUTH WEST UNION LAKE ROAD NORTH COMMERCE LAKE DREDGING	2001 WILDWOOD RIVER
ASSETS				
Cash and cash equivalents	\$ 264,394	\$ 339,792	\$ 306,890	\$
Special assessments receivable	228,812	705,077	231,683	6,150
Interest receivable				
Due from other funds				
TOTAL ASSETS	<u>\$ 493,206</u>	<u>\$ 1,044,869</u>	<u>\$ 538,573</u>	<u>\$ 6,150</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to other funds	\$ 1,000	\$ 8,800	\$	\$
Deferred revenue	228,812	705,077	231,683	6,150
TOTAL LIABILITIES	<u>229,812</u>	<u>713,877</u>	<u>231,683</u>	<u>6,150</u>
FUND BALANCE				
Reserved for debt service	263,394	330,992	306,890	
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 493,206</u>	<u>\$ 1,044,869</u>	<u>\$ 538,573</u>	<u>\$ 6,150</u>

2003 CARROLL COVE OFFSITE PRESSURE	2003 LOWER MOUNT ROYAL WEST DREDGING, MIMOSA SEWER, SPECIAL PROJECTS #20 SPECIAL PROJECTS #21	DODGE PARK	2001 SPECIAL PROJECT #17 SPECIAL PROJECT #18 MCCOY SEWER UNION LAKE SUB WATER	2002 MAPLE BEINSTEIN	2000 CENTRAL WEST SEWER EXTENSION	2002 SPECIAL PROJECT #19 HILLS OF BOGIE LAKE SEWER SHADY POINTE SEWER WINEWOOD WATER LADD ROAD WATER
\$ 19,446	\$ 40,975 668,151	\$ 24,626	\$ 216,602 339,352	\$ 62,092	\$ 699,104 3,971,878 1,100	\$ 1,421,224 2,691,126 2,213
<u>\$ 19,446</u>	<u>\$ 709,126</u>	<u>\$ 24,626</u>	<u>\$ 555,954</u>	<u>\$ 62,092</u>	<u>\$ 4,672,082</u>	<u>\$ 4,114,563</u>
\$ 19,446	\$ 460 668,151	\$	\$ 339,352	\$ 62,092	\$ 3,971,878	\$ 2,691,126
<u>19,446</u>	<u>668,611</u>		<u>339,352</u>	<u>62,092</u>	<u>3,971,878</u>	<u>2,691,126</u>
	40,515	24,626	216,602		700,204	1,423,437
<u>\$ 19,446</u>	<u>\$ 709,126</u>	<u>\$ 24,626</u>	<u>\$ 555,954</u>	<u>\$ 62,092</u>	<u>\$ 4,672,082</u>	<u>\$ 4,114,563</u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET - Concluded
FOR THE YEAR ENDED DECEMBER 31, 2004

	UNION LAKE SUB WATER	SPECIAL PROJECTS #22	2000 FIRE BUILDINGS	TOTAL
ASSETS				
Cash and cash equivalents	\$	\$	\$ 8,131	\$ 6,324,788
Special assessments receivable	17,737	149,104	578,448	11,912,148
Interest receivable				3,313
Due from other funds				43,056
TOTAL ASSETS	<u>\$ 17,737</u>	<u>\$ 149,104</u>	<u>\$ 586,579</u>	<u>\$ 18,283,305</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to other funds	\$	\$	\$	\$ 263,082
Deferred revenue	17,737	149,104	578,448	11,912,148
TOTAL LIABILITIES	<u>17,737</u>	<u>149,104</u>	<u>578,448</u>	<u>12,175,230</u>
FUND BALANCE				
Reserved for debt service			8,131	6,108,075
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 17,737</u>	<u>\$ 149,104</u>	<u>\$ 586,579</u>	<u>\$ 18,283,305</u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2004

	1988 EDGEWOOD & GOLF VIEW WATER SYSTEM SPECIAL ASSESSMENT G.O. BONDS	1988 MOUNT ROYAL SPECIAL ASSESSMENT BONDS	1989 HOMESTEAD LAKESIDE & TRAILVIEW WATER SPECIAL ASSESSMENT BONDS	1991 BUSS DRIVE SPECIAL ASSESSMENT BONDS
REVENUES				
Taxes	\$	\$	\$	\$
Interest income	723	810	268	235
Special assessments	<u>3,134</u>		<u>726</u>	<u>1,438</u>
TOTAL REVENUES	<u>3,857</u>	<u>810</u>	<u>994</u>	<u>1,673</u>
EXPENDITURES				
Debt principal				
Debt interest and fees				
Refunds of assessments			<u>18,358</u>	
TOTAL EXPENDITURES			<u>18,358</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,857	810	(17,364)	1,673
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
Operating transfers out				
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	3,857	810	(17,364)	1,673
FUND BALANCE, JANUARY 1	<u>15,757</u>	<u>82,085</u>	<u>17,364</u>	<u>3,853</u>
FUND BALANCE, DECEMBER 31	<u>\$ 19,614</u>	<u>\$ 82,895</u>	<u>\$</u>	<u>\$ 5,526</u>

1992 LAKE PINE CAPITAL CHARGES SPECIAL ASSESSMENT G.O. BONDS	1992 UNION/COMMERCE SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1992 LAKE PINE SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1992 SPECIAL PROJECTS #1, #2 BOULDER SEWER WELCH ROAD, BOULDER WATER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1992 CLIFFORD H. SMART SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1993 NORTHWEST SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1993 SPECIAL PROJECT #3 SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS
\$	\$	\$	\$	\$	\$	\$
262	73,516	244		20		460
<u>1,282</u>	<u>143,134</u>	<u>886</u>				<u>4,277</u>
<u>1,544</u>	<u>216,650</u>	<u>1,130</u>		<u>20</u>		<u>4,737</u>
4,000	155,000			4,000		
797	70,980	268		296		
					43	10,275
<u>4,797</u>	<u>225,980</u>	<u>268</u>		<u>4,296</u>	<u>43</u>	<u>10,275</u>
(3,253)	(9,330)	862		(4,276)	(43)	(5,538)
8,700			20,693			
		<u>(8,700)</u>				
5,447	(9,330)	(7,838)	20,693	(4,276)	(43)	(5,538)
<u>(1,369)</u>	<u>189,216</u>	<u>8,239</u>	<u>(20,693)</u>	<u>3,125</u>	<u>43</u>	<u>5,538</u>
<u>\$ 4,078</u>	<u>\$ 179,886</u>	<u>\$ 401</u>	<u>\$</u>	<u>\$ (1,151)</u>	<u>\$</u>	<u>\$</u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
AND CHANGES IN FUND BALANCE - Continued
FOR THE YEAR ENDED DECEMBER 31, 2004

	1994 GOLF MANOR, SPECIAL PROJECT #4 STARWOOD SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1995 LAKESIDE, EDGEWOOD & BARCLAY SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1995 RIVERWALK, GOLFSIDE & SPECIAL PROJECT #5 SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1995 LAKE SHERWOOD & SPECIAL PROJECT #6 SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS
REVENUES				
Taxes	\$	\$	\$	\$
Interest income	1,902	1,898	1,580	6,292
Special assessments	<u>9,351</u>	<u>7,920</u>	<u>6,721</u>	<u>47,901</u>
TOTAL REVENUES	<u>11,253</u>	<u>9,818</u>	<u>8,301</u>	<u>54,193</u>
EXPENDITURES				
Debt principal			15,000	
Debt interest and fees			1,065	
Refunds of assessments				
TOTAL EXPENDITURES			<u>16,065</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	11,253	9,818	(7,764)	54,193
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
Operating transfers out				
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	11,253	9,818	(7,764)	54,193
FUND BALANCE, JANUARY 1	<u>75,108</u>	<u>87,434</u>	<u>66,238</u>	<u>100,048</u>
FUND BALANCE, DECEMBER 31	<u>\$ 86,361</u>	<u>\$ 97,252</u>	<u>\$ 58,474</u>	<u>\$ 154,241</u>

1996 COMMERCE ROAD WATERWAY & SPECIAL PROJECT #7 SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1997 SPECIAL PROJECT #8 MOUNT ROYAL WATER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1997 COMMERCE/ CARROLL WATER & SEWER MPB PUMP STATION & LATERAL, HOEFT, WATER & SOUTH BENSTEIN SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1998 CAREY/ COMMERCE WATER MAIN TREE HAVEN/ WENONAH HILLS PAVING SPECIAL PROJECTS #9 COMMERCE PLAZA SEWER WISE ROAD WATER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS, SERIES A	1998 NORTH SHORES/ MPB WATER, NORTH SHORES/ MPB SEWER, PENINSULAR PARK SEWER, PENINSULAR PARK WATER, UNION LAKE HIGHLAND SEWER FOUR OAKS/LIESEL COURT PAVING, MAYNARD DRAIN, LOWER MOUNT ROYAL PAVING SPECIAL PROJECTS #10, SPECIAL PROJECTS #11, SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS, SERIES B	1999 SWITZERLAND SUB SEWER, EDGEWOOD NORTH WATER W VILLAGE OF COMMERCE SEWER, ARBOR VILLAGE SEWER FAX LANE CANAL DREDGING, SPECIAL PROJECT #12 SPECIAL PROJECT #13 GOLF LANE SEWER/ WATER PAVING
\$	\$	\$	\$	\$	\$
3,530	15,024	24,675	18,589	45,068	35,238
<u>25,910</u>	<u>87,080</u>	<u>208,931</u>	<u>106,317</u>	<u>209,738</u>	<u>166,969</u>
<u>29,440</u>	<u>102,104</u>	<u>233,606</u>	<u>124,906</u>	<u>254,806</u>	<u>202,207</u>
70,000	120,000	275,000	115,000	715,000	310,000
<u>4,140</u>	<u>11,640</u>	<u>14,100</u>	<u>20,109</u>	<u>48,113</u>	<u>46,412</u>
<u>74,140</u>	<u>131,640</u>	<u>289,100</u>	<u>135,109</u>	<u>763,113</u>	<u>356,412</u>
(44,700)	(29,536)	(55,494)	(10,203)	(508,307)	(154,205)
					34,287
(44,700)	(29,536)	(55,494)	(10,203)	(508,307)	(119,918)
<u>69,832</u>	<u>42,420</u>	<u>296,838</u>	<u>515,159</u>	<u>1,225,254</u>	<u>724,362</u>
\$ <u>25,132</u>	\$ <u>12,884</u>	\$ <u>241,344</u>	\$ <u>504,956</u>	\$ <u>716,947</u>	\$ <u>604,444</u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - Continued
FOR THE YEAR ENDED DECEMBER 31, 2004

	2000 SPECIAL PROJECT #14, NORTH CAMELINA SEWER, NEWTON ROAD SEWER, LOWER MOUNT ROYAL SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS SERIES A	2000 SPECIAL PROJECT #15, UNION LAKE SUB SEWER, LADD ROAD SEWER, LYNISS WATER, LOWER MOUNT ROYAL DREDGING SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS SERIES B	2001 SPECIAL PROJECT #16 HOMESTEAD SEWER SOUTH WEST UNION LAKE ROAD NORTH COMMERCE LAKE DREDGING	2001 WILDWOOD RIVER
REVENUES				
Taxes	\$	\$	\$	\$
Interest income	32,884	46,853	24,336	
Special assessments	101,075	126,545	70,050	
TOTAL REVENUES	133,959	173,398	94,386	
EXPENDITURES				
Debt principal	300,000	175,000	100,000	
Debt interest and fees	32,275	45,268	25,950	
Refunds of assessments				
TOTAL EXPENDITURES	332,275	220,268	125,950	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(198,316)	(46,870)	(31,564)	
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
Operating transfers out				
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(198,316)	(46,870)	(31,564)	
FUND BALANCE, JANUARY 1	461,710	377,862	338,454	
FUND BALANCE, DECEMBER 31	\$ 263,394	\$ 330,992	\$ 306,890	\$

2003 CARROLL COVE OFFSITE PRESSURE	2003 LOWER MOUNT ROYAL WEST DREDGING, MIMOSA SEWER, SPECIAL PROJECT #20, SPECIAL PROJECT #21	DODGE PARK	2001 SPECIAL PROJECT #17 SPECIAL PROJECT #18 MCCOY SEWER UNION LAKE SUB WATER	2002 MAPLE BEINSTEIN	2000 CENTRAL WEST SEWER EXTENSION	2002 SPECIAL PROJECT #19 HILLS OF BOGIE LAKE SEWER SHADY POINTE SEWER WINEWOOD WATER LADD ROAD WATER
\$	\$	\$	\$	\$	\$	\$
	6,745	126	21,601		225,221	142,393
	40,951		118,526		248,195	1,094,635
	47,696	126	140,127		473,416	1,237,028
			75,000		240,000	500,000
	7,181	43,365	18,288		179,480	130,000
	7,181	43,365	93,288		419,480	630,000
	40,515	(43,239)	46,839		53,936	607,028
		67,865	19			28,275
	40,515	24,626	46,858		53,936	635,303
			169,744		646,268	788,134
\$	\$ 40,515	\$ 24,626	\$ 216,602	\$	\$ 700,204	\$ 1,423,437

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - Concluded
FOR THE YEAR ENDED DECEMBER 31, 2004

	UNION LAKE SUB WATER	SPECIAL PROJECTS #22	2000 FIRE BUILDINGS	TOTAL
REVENUES				
Taxes	\$	\$	\$ 557,965	\$ 557,965
Interest income			453	730,946
Special assessments				2,831,692
TOTAL REVENUES			558,418	4,120,603
EXPENDITURES				
Debt principal			525,000	3,698,000
Debt interest and fees			33,800	733,527
Refunds of assessments				28,676
TOTAL EXPENDITURES			558,800	4,460,203
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			(382)	(339,600)
OTHER FINANCING SOURCES (USES)				
Operating transfers in				159,839
Operating transfers out				(8,700)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES			(382)	(188,461)
FUND BALANCE, JANUARY 1			8,513	6,296,536
FUND BALANCE, DECEMBER 31	\$	\$	\$ 8,131	\$ 6,108,075

CAPITAL PROJECTS FUNDS

Capital Projects Funds are designed to account for the resources expended to acquire assets of a relatively permanent nature. (Enterprise Fund resources are not included in this category). These funds satisfy the special accounting requirements for bond proceeds and projects utilizing more than one funding source.

Capital Projects Funds provide a formal mechanism which enables administrators to ensure that revenues dedicated to a certain purpose are used only for that purpose and further enables them to report to creditors and other grantors of Capital Projects Fund revenue that their requirements regarding the use of the revenue were fully satisfied.

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR CAPITAL PROJECTS FUND
COMBINING BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2004

	GOLF LANE PAVING	LADD ROAD SEWER	CENTRAL WEST SEWER
ASSETS			
Cash and cash equivalents	\$ <u> </u>	\$ <u> </u>	\$ <u>455,509</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$	\$	\$
Due to other funds			2,856
TOTAL LIABILITIES	<u> </u>	<u> </u>	<u>2,856</u>
FUND BALANCE			
Unreserved, undesignated	<u> </u>	<u> </u>	<u>452,653</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u> </u>	\$ <u> </u>	\$ <u>455,509</u>

SPECIAL PROJECT #17	SPECIAL PROJECT #19	UNION LAKE WATER	MOUNT ROYAL DREDGING	MT. ROYAL BRIDGE REPAIR	SHADY POINT SEWER
\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> 3,804 </u>	\$ <u> </u>	\$ <u> 24,855 </u>
\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> 1,734 </u>	\$ <u> 170 </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> 25,642 </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> 27,376 </u>	<u> 170 </u>
<u> </u>	<u> </u>	<u> </u>	<u> 3,804 </u>	<u> (27,376) </u>	<u> 24,685 </u>
\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> 3,804 </u>	\$ <u> </u>	\$ <u> 24,855 </u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR CAPITAL PROJECTS FUND
COMBINING BALANCE SHEET - Concluded
FOR THE YEAR ENDED DECEMBER 31, 2004

	HILLS OF BOGIE LAKE	WINWOOD/ WOODLAND WATER	SPECIAL PROJECT #20
ASSETS			
Cash and cash equivalents	\$ <u>39,225</u>	\$ <u>4,374</u>	\$ <u>4,691</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ _____	\$ _____	\$ _____
Due to other funds	_____	_____	_____
TOTAL LIABILITIES	_____	_____	_____
FUND BALANCE			
Unreserved, undesignated	<u>39,225</u>	<u>4,374</u>	<u>4,691</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>39,225</u>	\$ <u>4,374</u>	\$ <u>4,691</u>

MIMOSA ESTATES	SPECIAL PROJECTS #21	CENTRAL WEST WATER MAIN	GREENLAWN/ COMMERCE ROAD SEWER	LADD ROAD WATER	TOTAL
\$ <u> </u>	\$ <u>5,968</u>	\$ <u> </u>	\$ <u> </u>	\$ <u>110,194</u>	\$ <u>648,620</u>
\$ <u>343</u>	\$ <u> </u>	\$ <u>42,243</u>	\$ <u>4,413</u>	\$ <u>1,470</u>	\$ <u>52,886</u>
<u>343</u>	<u> </u>	<u>154,289</u>	<u>6,268</u>	<u> </u>	<u>186,542</u>
<u> </u>	<u> </u>	<u>196,532</u>	<u>10,681</u>	<u>1,470</u>	<u>239,428</u>
<u>(343)</u>	<u>5,968</u>	<u>(196,532)</u>	<u>(10,681)</u>	<u>108,724</u>	<u>409,192</u>
\$ <u> </u>	\$ <u>5,968</u>	\$ <u> </u>	\$ <u> </u>	\$ <u>110,194</u>	\$ <u>648,620</u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR CAPITAL PROJECTS FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2004

	GOLF LANE PAVING	LADD ROAD SEWER	CENTRAL WEST SEWER
REVENUES			
Interest income	\$ 121	\$	\$ 4,244
Special assessments			
Other income			
TOTAL REVENUES	<u>121</u>	<u></u>	<u>4,244</u>
EXPENDITURES			
Capital outlay	<u>1,880</u>	<u></u>	<u>14,231</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,759)		(9,987)
OTHER FINANCING SOURCES (USES)			
Bond proceeds			
Operating transfers in		7	
Operating transfers out	<u>(34,287)</u>	<u></u>	<u></u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(36,046)	7	(9,987)
FUND BALANCE, JANUARY 1	<u>36,046</u>	<u>(7)</u>	<u>462,640</u>
FUND BALANCE, DECEMBER 31	<u>\$</u>	<u>\$</u>	<u>\$ 452,653</u>

SPECIAL PROJECT #17	SPECIAL PROJECT #19	UNION LAKE WATER	MOUNT ROYAL DREDGING	MT. ROYAL BRIDGE REPAIR	SHADY POINTE SEWER
\$	\$ 120	\$ 104	\$ 717	\$	\$ 434
		632	63,885		
			21		
	120	736	64,623		434
		740	57,060	27,376	74,496
	120	(4)	7,563	(27,376)	(74,062)
			119,538		
(18)	(28,275)	(1)			
(18)	(28,155)	(5)	127,101	(27,376)	(74,062)
18	28,155	5	(123,297)		98,747
\$	\$	\$	\$ 3,804	\$ (27,376)	\$ 24,685

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR CAPITAL PROJECTS FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - Concluded
FOR THE YEAR ENDED DECEMBER 31, 2004

	HILLS OF BOGIE LAKE	WINWOOD/ WOODLAND WATER	SPECIAL PROJECTS #20
REVENUES			
Interest income	\$ 312	\$ 43	\$ 260
Special assessments			36,240
Other income	53,847		
TOTAL REVENUES	<u>54,159</u>	<u>43</u>	<u>36,500</u>
EXPENDITURES			
Capital outlay	48,646	603	207,662
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,513	(560)	(171,162)
OTHER FINANCING SOURCES (USES)			
Bond proceeds			175,853
Operating transfers in			
Operating transfers out			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	5,513	(560)	4,691
FUND BALANCE, JANUARY 1	<u>33,712</u>	<u>4,934</u>	
FUND BALANCE, DECEMBER 31	<u>\$ 39,225</u>	<u>\$ 4,374</u>	<u>\$ 4,691</u>

MIMOSA ESTATES	SPECIAL PROJECTS #21	CENTRAL WEST WATER MAIN	GREENLAWN/ COMMERCE ROAD SEWER	LADD ROAD WATER	TOTAL
\$ 4,036	\$ 16 58,869	\$	\$	\$ 2,811	\$ 9,182
<u>4,036</u>	<u>58,885</u>	<u></u>	<u></u>	<u>2,811</u>	<u>163,662</u>
<u>39,966</u>	<u>270,279</u>	<u>196,532</u>	<u>10,681</u>	<u>530,146</u>	<u>53,868</u>
(35,930)	(211,394)	(196,532)	(10,681)	(527,335)	226,712
35,587	217,362				1,480,298
<u></u>	<u></u>	<u></u>	<u></u>	<u>(445)</u>	<u>548,340</u>
(343)	5,968	(196,532)	(10,681)	(527,780)	7
<u>(343)</u>	<u>5,968</u>	<u>(196,532)</u>	<u>(10,681)</u>	<u>636,504</u>	<u>(63,026)</u>
\$ <u>(343)</u>	\$ <u>5,968</u>	\$ <u>(196,532)</u>	\$ <u>(10,681)</u>	\$ <u>108,724</u>	\$ <u>1,177,457</u>
					\$ <u>409,192</u>

COMPONENT UNIT

A discretely presented component unit is an entity that is legally separate from the Township, but for which the Township is financially accountable or its relationship with the Township is such that exclusion would cause the Township's financial statements to be misleading or incomplete.

The component unit of the Charter Township of Commerce is:

Downtown Development Authority

CHARTER TOWNSHIP OF COMMERCE, MICHIGAN

COMPONENT UNIT

DOWNTOWN DEVELOPMENT AUTHORITY

ALL FUND TYPES AND ACCOUNT GROUPS

COMBINED BALANCE SHEET

DECEMBER 31, 2004

	DEBT SERVICE	CAPITAL PROJECTS	LONG-TERM DEBT ACCOUNT GROUP	TOTALS (MEMORANDUM ONLY)
ASSETS				
Cash and cash equivalents	\$	\$ 21,929,568	\$	\$ 21,929,568
Interest receivable		25,793		25,793
Amount to be provided for debt service			47,912,500	47,912,500
TOTAL ASSETS	\$	\$ 21,955,361	\$ 47,912,500	\$ 69,867,861
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$	\$ 223,126	\$	\$ 223,126
Long-term debt obligations			47,912,500	47,912,500
TOTAL LIABILITIES		223,126	47,912,500	48,135,626
FUND BALANCE				
Unreserved - undesignated		21,732,235		21,732,235
TOTAL LIABILITIES AND FUND BALANCE	\$	\$ 21,955,361	\$ 47,912,500	\$ 69,867,861

CHARTER TOWNSHIP OF COMMERCE, MICHIGAN

COMPONENT UNIT

DOWNTOWN DEVELOPMENT AUTHORITY

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 2004

	DEBT SERVICE	CAPITAL PROJECTS	TOTALS (MEMORANDUM ONLY)
REVENUES			
Current property taxes	\$	\$ 1,918,470	\$ 1,918,470
Other income		115,596	115,596
Interest income		152,213	152,213
TOTAL REVENUES		<u>2,186,279</u>	<u>2,186,279</u>
EXPENDITURES			
Professional fees		486,060	486,060
Construction		27,425,709	27,425,709
Debt service			
Principal		300,000	300,000
Interest		313,234	313,234
TOTAL EXPENDITURES		<u>28,525,003</u>	<u>28,525,003</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES		<u>(26,338,724)</u>	<u>(26,338,724)</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds		34,912,500	34,912,500
Operating transfers out		(43,367)	(43,367)
TOTAL OTHER FINANCING SOURCES (USES)		<u>34,869,133</u>	<u>34,869,133</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES		8,530,409	8,530,409
RESIDUAL EQUITY TRANSFER	(196,067)	196,067	
FUND BALANCE, JANUARY 1	<u>196,067</u>	<u>13,005,759</u>	<u>13,201,826</u>
FUND BALANCE, DECEMBER 31	\$ <u><u> </u></u>	\$ <u><u>21,732,235</u></u>	\$ <u><u>21,732,235</u></u>

CHARTER TOWNSHIP OF COMMERCE

SCHEDULE OF INDEBTEDNESS

DECEMBER 31, 2004

1992 Lake Pine Capital Charges Special Assessment General Obligation Limited Tax Bonds, Series A

Issued: September 1, 1992
Dated: September 1, 1992
Original principal amount: \$73,000
Interest rates: 6.5% *

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2004
2005-2006	\$ 4,000	\$ <u>8,000</u>

* The interest rate is subject to reset on November 1, 2002 and November 1, 2006 at the option of National City Bank to not more than .5% over the Bank's Base Lending Rate.

Special Assessment Bonds General Obligation Limited Tax Bonds, Series 1992-B

Issued: July 1, 1992
Dated: July 1, 1992
Original principal amount: \$2,910,000
Interest rates: 5.692%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2004
2005-2011	\$ 150,000	<u>1,050,000</u>

1997 Special Project #8 and Mount Royal Water Special Assessment, Limited Tax, General Obligation Bonds, Series 1997-A

Issued: June 3, 1997
Dated: May 1, 1997
Original principal amount: \$1,960,000
Interest rates: 3.70% to 4.80%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2004
2005	\$ 120,000	\$ <u>120,000</u>

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF INDEBTEDNESS - Continued
DECEMBER 31, 2004

1997 Commerce – Carroll Water and Sewer, MPB Pump Station and Lateral, Hoeft Water, South Bernstein Sewer, Special Assessment, Limited Tax, General Obligation Bonds, Series 1997-B

Issued: November 25, 1997
Dated: November 1, 1997
Original principal amount: \$1,735,000
Interest rates: 3.85% to 4.40%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2004
2005	\$ 45,000	\$ <u>45,000</u>

1998 Special Assessment (LTGO) Bonds, Series 1998-A

Issued: June 25, 1998
Dated: June 1, 1998
Original principal amount: \$1,395,000
Interest rates: 3.7% to 4.4%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2004
2005	\$ 115,000	\$ <u>345,000</u>

1998 Special Assessment (LTGO) Bonds, Series 1998-B

Issued: November 24, 1998
Dated: November 1, 1998
Original principal amount: \$3,060,000
Interest rates: 3.7% to 3.75%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2004
2005-2008	\$ 255,000	\$ <u>560,000</u>

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF INDEBTEDNESS - Continued
DECEMBER 31, 2004

1999 Unlimited Tax General Obligation Bonds

Issued: July 1, 1999
Dated: July 1, 1999
Original principal amount: \$2,750,000
Interest rates: 3.935% to 3.94%

DUE DATES MAY 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2004
2005	\$ 575,000	\$ <u>575,000</u>

1999 Special Assessment (LTGO) Bonds, Series A

Issued: July 1, 2002
Dated: June 1, 2002
Original principal amount: \$1,075,000
Interest rates: 4.16% to 4.17%

DUE DATES DECEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2004
2005-2008	\$ 100,000	\$ <u>290,000</u>

1999 Special Assessment (LTGO) Bonds, Series B

Issued: December 28, 1999
Dated: December 1, 1999
Original principal amount: \$915,000
Interest rates: 5.03% to 5.04%

DUE DATES MAY 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2004
2005-2006	\$ 100,000	\$ 200,000
2007-2009	75,000	<u>225,000</u>
		\$ <u>425,000</u>

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF INDEBTEDNESS - Continued
DECEMBER 31, 2004

2000 Special Assessment (LTGO) Bonds, Series B

Issued: October 26, 2000
Dated: October 1, 2000
Original principal amount: \$1,540,000
Interest rates: 4.59% to 4.60%

DUE DATES MAY 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2004
2005-2006	\$ 155,000	\$ 310,000
2007-2008	150,000	300,000
2009-2010	140,000	<u>280,000</u>
		<u>\$ 890,000</u>

2000 Special Assessment (LTGO) Bonds, Series A

Issued: May 25, 2000
Dated: May 1, 2000
Original Principal amount: \$970,000
Interest rates: 5.28% to 5.29%

DUE DATES DECEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2004
2005-2007	\$ 100,000	<u>\$ 300,000</u>

2001 Special Assessment (LTGO) Bonds, Series A

Issued: May 24, 2002
Dated: May 1, 2002
Original Principal amount: \$855,000
Interest rates: 4.03% to 4.04%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2004
2005	\$ 95,000	\$ 95,000
2006-2009	90,000	360,000
2010	85,000	<u>85,000</u>
		<u>\$ 540,000</u>

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF INDEBTEDNESS -- Continued
DECEMBER 31, 2004

Special Assessment Bonds, Series 2002-A

Issued: June 4, 2004
Dated: June 1, 2004
Original principal amount: \$4,700,000
Interest rates: 4.35% to 5.00%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2004
2005-2006	\$ 240,000	\$ 480,000
2007-2020	250,000	<u>3,500,000</u>
		<u>\$ 3,980,000</u>

Special Assessment Bonds, Series 2002-B

Issued: October 24, 2004
Dated: October 1, 2004
Original principal amount: \$675,000
Interest rates: 2.00% to 3.5%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2004
2005-2011	\$ 75,000	<u>\$ 525,000</u>

2003 Special Assessment (LTGO) Bonds, Series A

Issued: April 23, 2004
Dated: April 1, 2004
Original Principal amount: \$4,790,000
Interest rates: 3.11% to 3.13%

DUE DATES OCTOBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2004
2005-2012	\$ 500,000	<u>\$ 4,000,000</u>



Layton & Richardson, P.C.

Certified Public Accountants

Telephone (517) 332-1900

FAX (517) 332-2082

1000 Coolidge Road • East Lansing, MI 48823-2415 • Info@LNRCPA.com

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Township Board
Township of Commerce
Commerce, Michigan

We have audited the general purpose financial statements of the TOWNSHIP OF COMMERCE, MICHIGAN, as of and for the year ended December 31, 2004, and have issued our report thereon dated March 18, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Township of Commerce's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township of Commerce's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of the Township Board, management, and State and Federal Agencies. However, this report is a matter of public record and its distribution is not limited.

Layton & Richardson, P.C.

Certified Public Accountants

East Lansing, Michigan
March 18, 2005



LETTER OF COMMENTS AND RECOMMENDATIONS

Township Board
Township of Commerce
Commerce, Michigan

We have examined the financial statements of the TOWNSHIP OF COMMERCE, MICHIGAN, for the year ended December 31, 2004, and have issued our report on those statements. As part of the audit process, we tested and evaluated the system of internal accounting control and the procedures used to record the financial transactions of the Township of Commerce. These tests and evaluations are important to the audit process because they serve as the basis for our opinion on the reliability and accuracy of the financial statements.

The management of the Township of Commerce is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our tests of the internal control procedures included evaluations of randomly selected samples of transactions from payroll, cash disbursements and cash receipts. Although we did not observe any material errors or weaknesses in accounting or financial management, the following recommendations are intended to improve the efficiency and effectiveness of control procedures:

PRIOR YEAR RECOMMENDATIONS

DUE TO/FROM

A monthly reconciliation of due to's/from's and interfund transfers should be prepared. This will verify that all interfund transactions are recorded properly. **This has been implemented.**

FIXED ASSETS

The detail for fixed assets should be updated and tied out to the annual audit. The Township should verify that a detailed listing exists for all years prior to 1998. **The Township's control over fixed assets has improved but fixed asset additions and deletions are recorded as part of the year end audit. We recommend that additions and deletions of fixed assets be recorded when they occur. This has been implemented.**

CASH RECEIPTS

Void receipts are not entered into the accounting system. We recommend all receipts be entered into the system to assure that receipts are not missing. **This has been implemented.**

PRIOR YEAR RECOMMENDATIONS - Concluded

CASH DISBURSEMENTS

Currently, invoices are only being stamped when they are put into the computer. They are not being stamped "Paid" when they are paid. All pages of the invoices should be stamped "Paid". This will help to avoid duplicate payment of invoices. **This has been implemented.**

UNION ACTUARY

Commerce Township is under union contract obligation to provide a portion of health benefits to retirees. The Township has placed funds in a retiree health benefit account for the past several years. We recommend a professional actuary be conducted to determine the Township's liabilities. **This is in the process of being implemented.**

CURRENT YEAR RECOMMENDATIONS

CASH RECEIPTS


While conducting the audit we noted that the Township had cash on deposit in financial institutions in excess of the federally insured limits. This presents a potential for losses to the Township in the event of bank failure. We understand that due to large deposits of cash receipts, it is difficult to maintain less than \$100,000 in these accounts. We strongly suggest that management closely monitor cash balances and transfer excess balances to other banks, where possible, to reduce the potential for loss of monetary amounts in excess of the federally insured levels.

CAPITAL ASSETS

Our audit procedures revealed several instances during the year where capital expenditures less than \$1,000 were capitalized. This is a violation of the Township's capitalization policy, which requires that only individual asset purchases of \$5,000 or more be recorded as fixed assets. We recommend that the Township adhere to its written policies so there is consistent application of the capitalization of fixed assets within the organization.

We are grateful to the Township employees for their assistance and cooperation extended to us during the audit.

Very truly yours,


Layton & Richardson, P.C.
Certified Public Accountants

East Lansing, Michigan
March 18, 2005